



Daily Report

China

FBIS-CHI-91-086
Friday
3 May 1991

Daily Report

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FBIS-CHI-91-086

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NOTICE TO READERS: On 6 May 1991, the DAILY REPORT will begin phasing in new radio and television sourcelines that reflect how a station identifies itself. This change eliminates the "Domestic Service" and "Television Service" designations in favor of the station identification as broadcast. The presence of a new sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

DPRK IPU Envoy on Nuclear Proliferation

OW0205200891 Beijing XINHUA in English
1750 GMT 2 May 91

[Text] Pyongyang, May 2 (XINHUA)—Deputies from some developing countries, who are attending an international conference here, have called for an end to international arms race and elimination of threat of force.

At the current conference of the 85th Inter-Parliamentary Union (IPU), which opened on April 29, representatives of the developing countries appealed for the switch of limited resources and fund to the promotion of production and efforts to change state of under-development.

Chong Chun-ki, head of the parliamentary group of the host Democratic People's Republic of Korea (DPRK), said recent international events have shown that arms reduction should first be achieved; otherwise, world peace and security could not be consolidated.

To this end, the process should be simultaneously pushed forward to prevent nuclear proliferation and establish nuclear-free zones throughout the world, Chong said.

An international agreement must be concluded as soon as possible to ensure that states with nuclear weaponry would not use atomic weapons against those without nuclear weapons, the Korean deputy added.

Moroccan deputy Km. El Yazghi warned that it's still a long way to go for an overall disarmament despite some big powers' actions of arms reduction.

The big powers are vying to replace their outdated weapons with more sophisticated ones, and some of them have moved their weapons to other places after signing disarmament treaties, Yagzhi said.

Representative from Pakistan noted that the maintenance of world peace and security would depend, in the spirit of the United Nations Charter, on abandonment of use of force, non-interference in other countries' internal affairs and peaceful settlement of disputes.

He called for removal of superpowers' military existence in Asia and other regions.

Cameroon deputy Youssoufa said it's meaningless to waste a huge amount of resources in developing sophisticated nuclear weapons as billions of people in the world are still struggling in misery and poverty.

He said his country is willing to initiate an indirect anti-nuclear movement to prompt development of nuclear energy from military purpose to civilian one.

R. Hooker Taylor, from Nicaragua, accused some big powers of seeking "security" for their own countries at the cost of "insecurity" of other nations.

Philippine deputy R. Roco said poverty in developing countries had seriously injured women and children both physically and mentally.

Women were victims of discrimination and violence, and hundreds of thousands of children were exploited, Roco said.

The industrialized countries should help their developing counterparts with the women-children questions, Roco said, adding that all countries should adopt measures to give women access to more opportunity of employment, and protect the interests of women and children.

Egyptian deputy Abdallah told the conference that armed conflicts and civil war had caused disasters to women and children, and they were often used as slaves and maltreated with violence in many countries.

He called for peaceful settlement of conflicts for the sake of the interests of women and children.

DPRK Vice President Leaves Vietnam for Laos

OW0205123091 Beijing XINHUA in English
1201 GMT 2 May 91

[Text] Hanoi, May 2 (XINHUA)—Vice-President Yi Chong-ok of the Democratic People's Republic of Korea left here today for Laos after a six-day official goodwill visit.

During his visit, Yi, who is also Politburo member of the Workers' Party of Korea, held talks with Nguyen Quyet, vice-president [as received] of the Council of State of Vietnam, on bilateral relations and other regional issues of mutual concern.

The two sides signed a cooperative program on cultural and scientific exchange between the two countries in 1991.

During his visit, the DPRK guest met with General-Secretary Nguyen Van Linh of the Communist Party of Vietnam, President Vo Chi Cong of the Council of State and other ranking officials.

Bush To Meet Shevardnadze, Baltic Leaders

OW0305012391 Beijing XINHUA in English
0043 GMT 3 May 91

[Text] Washington, May 2 (XINHUA)—U.S. President George Bush will meet with former Soviet Foreign Minister Eduard Shevardnadze on May 6, the White House announced today.

White House spokesman Marlin Fitzwater said Shevardnadze, who resigned as foreign minister last December, is in this country on a private visit and "requested meetings with the president and other senior administration officials."

"We'll be interested in his views, as a prominent citizen of the USSR," he said.

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Shevardnadze will also meet with Vice President Dan Quayle and Secretary of State James Baker next week.

On May 8, Fitzwater said, the president will also meet with leaders of Lithuania, Estonia and Latvia—the three Soviet Baltic republics that want to separate from the Soviet Union.

The three Baltic leaders requested the meeting to "brief the President on the current situation there," Fitzwater said.

This will be the 6th meeting Bush has had with Baltic officials during the past 12 months.

UN Begins Deployment in Iraqi-Kuwaiti DMZ

*OW0205201191 Beijing XINHUA in English
1835 GMT 2 May 91*

[Text] United Nations, May 2 (XINHUA)—The U.N. Iraq-Kuwait Observation Mission (UNIKOM) officially started its deployment in the demilitarized zone [DMZ] along the Iraq-Kuwait border today, according to a U.N. spokesman.

Fred Eckhard, spokesman for the president of the U.N. General Assembly, quoted Major-General Gunther Griendl, UNIKOM's chief military observer as saying all UNIKOM forces are expected to have been deployed in the demilitarized zone by Monday.

Eckhard told reporters at the noon briefing today that Griendl gave the order of the day to all members of UNIKOM at a ceremony this morning and that 1,460 members of the mission from 36 countries are now deployed in the area.

In his order, Griendl said the immediate task of the UNIKOM members is "to familiarize yourself with this area until UNIKOM assumes full responsibility for observation of the demilitarized zone."

Saying that the members are all trained and prepared for this important task and that they are "well motivated," he declared however that "peace-keeping is not only a matter of skill and professionalism." "It is also a matter of attitude and the way you approach this task."

He called on the members to be fair in carrying out their duties—to be objective and reasonable and report the facts accurately without bias, firm in adhering to the Security Council mandate and in carrying out their orders, and friendly in establishing good relations with those with whom they deal and in showing respect for them and their customs.

UNIKOM, established under Security Council Resolution 689 last month, consists of 300 military observers from 33 countries, including the five permanent members of the Security Council—Britain, China, France, the Soviet Union and the United States, which each contribute 20.

It also includes an engineers unit, an air unit, a logistic unit, a headquarters unit and five infantry companies.

UNIKOM will patrol a 200-kilometer-long demilitarized zone along the Iraq-Kuwait border and the 40-kilometer-long Khour 'Abdallah.

Its task is to deter violations of the boundary through its presence in and surveillance of the demilitarized zone and observe any hostile or potentially hostile action mounted from the territory of one state to the other.

United States & Canada

MOFERT Official Discusses MFN Status

*OW0305102591 Beijing International Service
in Mandarin 0900 GMT 2 May 91*

[Text] Listeners and friends, recently the U.S. Congress again brought up the issue of China's most-favored-nation [MFN] status for discussion. With President Bush's decision scheduled for 3 June drawing near, the issue of Sino-U.S. economic and trade relations has again become a hot topic closely followed by both China and the United States. This station reporter interviewed (Sun Zhenyu), director of the Department of Affairs for North America and Oceania under the Ministry of Foreign Economic Relations and Trade [MOFERT], and invited him to talk on the Sino-U.S. economic and trade question, an issue that our listeners are concerned about.

Mr. (Sun Zhenyu) first talked on the discrepancy of statistics in Sino-U.S. trade. He said: According to the statistics of the Chinese side, in 1990, China's exports to the United States were \$5.2 billion, while imports were \$6.6 billion. The deficit was \$1.4 billion. However, the U.S. statistics show that U.S. exports to China were \$4.8 billion and imports \$15.2 billion, with a deficit \$10.4 billion. The big difference in the statistics compiled by China and the United States is mainly due to different methods used by the two sides in computing the portion of Chinese goods transshipped from Hong Kong to the United States. While the Chinese side treated that portion as exports to Hong Kong, the United States considered it as imports from China.

Mr. (Sun Zhenyu) said to the reporter: Of the Chinese goods transshipped from Hong Kong to the United States, 70 percent were processed products using imported raw materials; that is, some Chinese enterprises imported raw materials from abroad and exported them after processing. They only charged a fixed amount of processing costs. He said: The foreign exchange that we earned was very limited, that is, a processing cost of 7 to 8 percent. It is unfair to include the whole amount in our exports. Mr. (Sun) told this reporter that the U.S. statistics were compiled according to the places of origin. As such, China's Commodity Inspection Department is also discussing and studying the question of China as the place of origin. It is prepared not to put the Chinese labels on goods of low added value and, for such goods, not to issue the certificates showing China as their place of origin. There is another phenomenon we should note, the United States considers Chinese goods transshipped

from Hong Kong as exports from China. However, it does not treat U.S. products exported to China through third countries or regions as its exports to China. According to statistics by China's General Administration of Customs, China has imported nearly \$3 billion worth of U.S. products annually from third countries and regions since 1988. Last year, the amount was over \$2.5 billion.

When the reporter raised the question of the suggestions by some U.S. congressmen on additional conditions for giving the MFN status to China, or the revocation of this status, Mr. (Sun Zhenyu) said: We will not accept any additional conditions as they have grave aftereffects and will cast a shadow on economic and trade relations between the two countries [hui ge liang guo de jing mao guan xi meng shang yi ceng yin ying]. He said: Currently, the United States tops the countries investing in China, and its investment in Hong Kong is also in top place. The MFN status is a foundation stone for trade between the two sides. The revocation of the MFN status granted to China will deal a very severe blow to U.S. companies investing in inland China and Hong Kong. The competitiveness of U.S. companies in China will decrease further. This is equivalent to handing over the Chinese market to Japan and Europe.

Mr. Sun Zhenyu said finally in the interview: China and the United States can complement each other to a great extent economically. China needs U.S. technology, funds, and market. The United States also needs the large market, labor force, and low-priced but excellent products of China, a country with 1.1 billion people.

He hoped that Americans in various sectors, in consideration of overall Sino-U.S. relations, would actively make more efforts to promote and safeguard the relations of the two countries and prevent their regression.

U.S. Grants Preferences to Czechoslovakia

*OW0305015191 Beijing XINHUA in English
0133 GMT 3 May 91*

[Text] Prague, May 2 (XINHUA)—The United States granted the Generalized System of Preferences (GSP) to Czechoslovakia which took effect on May 1, a Czechoslovak official announced Thursday.

Pavel Cernocky, head of the Information and Propaganda Department of the Czechoslovak Foreign Trade Ministry, said this was the second favorable policy given by the United States, the first being when Czechoslovakia received Most-Favored-Nation status last November.

Cernocky said according to GSP regulations, his country will be allowed to export 300 types of goods duty-free to the United States. This comprises 27 percent of Czechoslovakia's export total to the U.S. and includes goods such as food, beer, jewelry, glass and chemical products, the official said.

Comparison of Prisoner-Made Exports Reports

HK0105115891

Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese on 1 May carries on page 1, a 500-character XINHUA report, entitled "Foreign Ministry Spokesman Says China Forbids Export of Prisoner Products." This version has been compared with the Beijing XINHUA English version headlined "Censure on Prisoner-Made Exports 'Groundless'" published in the 29 April China DAILY REPORT, page 1, and found to be identical except for the following variations:

Column two, penultimate paragraph, only sentence, reads: A Chinese Foreign Ministry spokesman said here today that it is entirely groundless to bring a charge on China that it relied upon prisoners' products to expand its export. [new paragraph] Some correspondents asked... (providing garbled words and noting deletion of a paragraph)

Soviet Union

Qin Jiwei, Yazov Discuss Army Relations

*OW0305075591 Beijing XINHUA in English
0743 GMT 3 May 91*

[Text] Beijing, May 3 (XINHUA)—General Qin Jiwei, Chinese State Councillor and minister of national defense, held talks with Marshal Dmitriy T. Yazov, minister of defense of the Soviet Union, here today.

They exchanged views on development of friendly relations between the armies of the two countries and on other issues of common concern.

Earlier today, Qin presided over a ceremony to welcome Yazov. The Soviet Defense Minister reviewed a guard of honor composed of the three services of the Chinese People's Liberation Army.

Yazov arrived here this morning on a goodwill visit to China at the invitation of Qin. This is the first Soviet delegation led by a defense minister to visit China.

Status, Problems of Border Trade Outlined

*HK0305074991 Beijing GUOJI SHANGBAO in Chinese
6 Apr 91 p 3*

[Article by Wang Aijun (3769 1947 0689): "Present State, Problems of Sino-Soviet Border Trade, Cooperation"]

[Text] Since the foreign trade departments of China and the Soviet Union exchanged notes on the formal resumption of border trade in 1982, economic and trade cooperation in the Sino-Soviet border area has gained remarkable development. Especially after 1988, when the border trade corporations of Heilongjiang, Inner Mongolia Autonomous Region, Jilin, Liaoning, and Xinjiang Uygur Autonomous Region restored or established border trade relations with Soviet trading companies,

Sino-Soviet border trade has displayed an even stronger momentum of development.

In the five years from 1983 to 1987, the aggregate volume of Heilongjiang's border trade with the Soviet Union was 136 million Swiss francs. A breakthrough came in 1988 when the value of 1987 trade contracts concluded that year reached 681 million Swiss francs, 196 million Swiss francs worth of goods being actually bartered that year, which was 5.7 times the figure of 1987 and equal to the total volume of Heilongjiang's border trade with the Soviet Union in the last 15 years. The year 1989 saw another leap. Throughout the year, actual barter trade was worth 596 million Swiss francs, triple that of 1988; and 141 contracts on economic and technological cooperation were signed, worth a total of 226 million Swiss francs, 7.3 times the figure of 1988. In the first six months of 1990, the strong momentum of development was maintained as 279 million Swiss francs worth of goods were actually bartered and 101 contracts on economic and technological cooperation signed. Today, the number of varieties of goods in the barter trade between Heilongjiang and the Soviet Union has grown from a few dozen to several thousand. The mode of trade has also drastically changed, from the previous unvaried barter to a flexible mode, incorporating barter trade as the main form with some other supplementary forms such as processing supplied materials, sending over materials for processing, processing imported materials and reexporting the finished products, and bilateral or multilateral productive cooperation. In the meantime, Inner Mongolia, Jilin, and Liaoning also developed border trade with the Soviet Union on a considerable scale.

In the course of economic and trade cooperation in the Sino-Soviet border area, the complementariness of the import-export commodity structures of the two sides has been brought into full use. In the barter trade, the Chinese side mainly exports the following commodities to the Soviet side: Textile and other light industrial goods, grain and oils, sideline agricultural products, recreational and sports goods, home appliances, machinery and equipment, medical apparatus, building materials, means of transport, and machinery and electrical appliances. Imported commodities from the Soviet side mainly include: Steel and aluminum products, timber, cement, chemical fertilizers, raw materials for the chemical industry, nonferrous metals, automobiles, refrigerators, pianos, and marine fish. The development of border trade has relieved the strain on the supply of raw materials for border areas, supported production, helped invigorate the border economy and develop foreign-oriented economy, and improved the living standards of local people. At the same time, the border trade is playing an increasingly important role in the entire Sino-Soviet trade. In a space of two years after the border trade with the Soviet Union was opened in 1988, the net increase of the total volume of trade between our country and the Soviet Union registered 1.1 billion Swiss francs, almost entirely attributable to the growth of border trade. In 1987, the border trade only took up 3.6

percent in the entire Sino-Soviet trade, but this percentage rose to 24 in 1989. The border trade has become an important force that ensures steady growth of trade between the two countries.

Despite the remarkable achievements in the Sino-Soviet border trade, some problems have arisen from it and call for prompt solution. They are mainly seen in the following respects:

1. The payment problem. The Soviet side is short of foreign exchange and the export of raw materials and other goods is under increasingly rigorous restrictions. The difficulty in payment is severely impeding further development of bilateral economic and trade cooperation. These days, payment conditions tend to become the determinant of the success of project negotiations and the smooth payment, or otherwise, for the projects that have been agreed upon has a significant effect on the enthusiasm of the Chinese side in further cooperation. The difficulty in payment and the delay in fulfilling contracts on the Soviet side tend to put us in a passive situation with an excessive surplus that affects our economic efficiency.

2. In order to guarantee supply in its domestic market and change its export product mix, the Soviet Union has strengthened control over products which serve as raw materials and civil-use materials through permit control. The materials that have been brought under permit control so far include timber, steel, cement, chemical fertilizers, nonferrous metals, crude oil, coal, building materials, sanitary goods, foodstuffs, vacuum cleaners, and carpets. Permits are required of the export of almost all the goods and materials that China needs now. These restrictions have added to the difficulty of Sino-Soviet border trade and reduced the chance for cooperation. Besides, the complicated procedures for granting import and export permits and the protracted authorization process on our side have also brought many difficulties to the negotiations, signing of contracts, and exchange of goods after reaching agreement between enterprises.

3. The transportation problem. The backwardness of ports is a residual problem of the 30 years' abnormal state of affairs between China and the Soviet Union. With the general and border trade between the two countries advancing in seven-league strides in recent years, this problem has stood out in exceptional prominence and has consequently become a major deterrent of the development of Sino-Soviet economic and trade relations.

4. The problem with the structure of commodities in the barter trade. Some barter projects are still restricted to the exchange of raw materials. The structure of commodities in the barter trade is very simple and the commodities for repayment in economic and technological cooperation are unvaried. Since the Soviet Union has readjusted its export policy, firmed up measures for permit control, and cut down the export of commodities that serve as raw materials, the previous structure of

commodities in the barter trade is less and less congruent with the changed circumstances.

5. The problem with the quality of exports and exported labor. Some companies and enterprises on our side bunt profits at the expense of commodity quality and have seriously damaged the reputation of our country's exports to the Soviet Union. The inferior quality of exported labor and the poor management of exporting units have also created some negative impressions. As the Soviet Union is in transition to a market economy, the enterprises from Western countries have come swarming to this country, thus the commodities in low grades and exported labor with inferior quality from our country will probably be pushed out of the market.

To tackle these existing problems, experts have suggested the following steps: Making active efforts to bring our initiative into play, broadening our mind, and making bold explorations; helping and urging the Soviet side to open up new payment channels and look for, by employing various effective methods, new types of payment goods such as semi-finished products, mineral products, and machinery and electrical appliances that are not governed by permits, or those commodities under a relatively loose permit control; exploring new payment channels, such as organizing tours in the Soviet Union or allowing purchase of real estate in the Soviet Union as payment for imported labor from China, or running joint ventures of a productive nature to produce things that are urgently needed and highly marketable in China to enhance the capacity of payment on the Soviet side; while doing a good job in railway, highway, and river transportation, making energetic efforts to develop marine transportation with a view to attaining higher economic efficiency; exploring and opening up new fields, methods, and approaches of cooperation; for example, conducting multilateral cooperation with Third World countries, making use of the funds and technological advantages of the developed countries in the West, and giving play to the abundance of labor resources on our side to reap better economic and social benefits; encouraging and supporting economic and technological cooperation with the Soviet Union, simplifying procedures of authorization, providing aid in loans, continuing to give preferential tariff terms to imported materials, and exempting exported labor personnel whose wages are paid in kind from import tax and individual regulatory income tax; designating Heihe City and Suifenhe City as special economic zones, setting up an export-oriented processing zone in Manzhouli, implementing some preferential policies that conform to the realities of the border area to activate economic growth in the border area and develop economic and trade relations in the Sino-Soviet border area.

Heilongjiang Official Meets Krasnoyarsk Group

SK0305080491 Harbin HEILONGJIANG RIBAO
in Chinese 7 Apr 91 p 1

[By trainee Li Chunyan (2621 2504 3601) and reporter(2799 1131 5511); "Chen Yunlin Meets With Soviet Guest"]

[Text] This morning, Vice Governor Chen Yunlin met with a delegation of the Krasnoyarsk Kray Soviet Executive Committee led by (Xieerjiyanke), chairman of the Krasnoyarsk Kray Soviet Executive Committee, at Huayuancun Guest House.

Chen Yunlin expressed warm welcome for the guests' visit. Chen Yunlin said: Heilongjiang Province has extensively developed cooperation with Krasnoyarsk Kray and they have supplemented each other. It is hoped that through the delegation's visit and observation, the understanding and cooperation between both sides will be further promoted.

(Xieerjiyanke) said: As far as the Soviet Union is concerned, China's experiences of reform and opening up are valuable. We wish to draw experience from China to develop the Soviet construction cause.

The Soviet guests arrived in Harbin by plane on yesterday evening at the invitation of the provincial government. This delegation will continue its seven-day visit in our province, Guangdong Province, and Shenzhen City.

Northeast Asia

Premier Li Peng Makes Official Visit to DPRK

Seen Off by Jiang Zemin

OW0305013391 Beijing XINHUA in English
0110 GMT 3 May 91

[Text] Beijing, May 3 (XINHUA)—Chinese Premier Li Peng left here by special plane this morning for a 4-day official goodwill visit to the Democratic People's Republic of Korea (DPRK) at the invitation of the DPRK Premier of the Administration Council Yon Hyong-muk.

Premier Li Peng was seen off at the airport by Jiang Zemin, general secretary of the Central Committee of the Chinese Communist Party (CPC), vice-premiers Yao Yilin and Wu Xueqian, Vice-Chairman of the Standing Committee of the National People's Congress Peng Chong, State Councillor and Foreign Minister Qian Qichen, head of the International Liaison Department of the CPC Central Committee Zhu Liang and leading members of other departments concerned.

Among those accompanying Li Peng on the visit are his wife Zhu Lin, Secretary General of the State Council Luo Gan, Chief of the General Staff of the Chinese People's Liberation Army Chi Haotian, Minister of Energy Resources Huang Yicheng, and Minister of Foreign Economic Relations and Trade Li Lanqing.

During Li Peng's visit to the DPRK, Vice-Premier Yao Yilin will be the acting-premier.

Met by Yon Hyong-muk

*OW0305060791 Beijing XINHUA in English
0550 GMT 3 May 91*

[Text] Pyongyang, May 3 (XINHUA)—Chinese Premier Li Peng arrived here Friday to start an official goodwill visit aimed at strengthening the traditional good-neighbor relations and cooperation between China and the Democratic People's Republic of Korea (DPRK).

Li, who had visited DPRK in 1985 as head of a Chinese party and government delegation, was greeted at the airport by Korean Premier Yon Hyong-muk and other senior Korean officials.

At 11:00 A.M. local time, Li's special plane touched down at Sunan Airport where several thousand of welcomers were gathering to meet the Chinese premier. As Premier Li appeared on the top of the ramp, he received warm applause from the welcomers waving miniature Chinese and Korean national flags.

Li waved back in acknowledgement when he strode down the ramp. Korean Premier Yon Hyong-muk went up to greet the Chinese premier at the foot of the ramp and the two shook hands and exchanged greetings.

Premier Li came here for a four-day visit at the invitation of his Korean counterpart Yon Hyong-muk. This is Li's return visit to Yon Hyong-muk's trip to China last November.

Included in Premier Li's entourage are his wife Zhu Lin, Secretary-General of the State Council Luo Gan, Chief of General Staff of the People's Liberation Army Chi Haotian, Minister of Energy Resources Huang Yicheng, Minister of Foreign Economic Relations and Trade Li Lanqing.

A grand reception ceremony was held at the airport. The Chinese premier reviewed a guard of honor made up of the three services of the Korean Army, who presented arms in salute.

As the Chinese premier walked around to meet the welcoming crowds, they danced and waved flowers, and miniature Chinese and Korean national flags to wish Premier Li success in his visit to Korea.

After the welcoming ceremony, the two premiers rode in an open car from the airport to the city center. Pyongyang today was brightly decorated with bunting and flowers. Thousands of people lined the streets to greet the Chinese premier. Streamers bearing the words "Welcome Comrade Li Peng," "Korean-Chinese Friendship" were hung over the streets.

When the motorcade drove along the street people danced and cheered. Shouting of welcome slogans was heard from a distance during the 50-minute drive.

Premier Li Peng is scheduled to hold talks with his Korean counterpart Yon Hyong-muk later today during which the two are expected to discuss bilateral relations and issues of common interests.

Premiers Talk

*SK0305104391 Pyongyang KCNA in English
1031 GMT 3 May 91*

[Text] Pyongyang May 3 (KCNA)—Yon Hyong-muk, premier of the Administration Council of the Democratic People's Republic of Korea, today met and had a friendly conversation at the Mansdae Assembly Hall with Li Peng, premier of the State Council of the People's Republic of China, who paid a courtesy call on him.

Present were suite members of Premier Li Peng.

On hand were Vice-Premier and Foreign Minister Kim Yong-nam, Vice-Premier Kim Tal-hyon, officials concerned and DPRK Ambassador to China Chu Chang-chun.

Homage to Martyrs

*OW0305094491 Beijing XINHUA in English
0935 GMT 3 May 91*

[Text] Pyongyang, May 3 (XINHUA)—Chinese Premier Li Peng extended salutes to Korean and Chinese fallen revolutionaries here this afternoon.

Li came here earlier today for a four-day official goodwill visit to the Democratic People's Republic of Korea (DPRK).

Premier Li first went to the Taesongsan Cemetery in the suburbs of Pyongyang to pay homage to the Korean martyrs. A ribbon on wreath was written with "eternal glory to the Korean revolutionary martyrs."

He then drove to the Friendship Tower built in 1959 in downtown Pyongyang to commemorate the Chinese People's Volunteers' participation in the Korean War in 1950s. A wreath laid by the Chinese Premier there was inscribed with the words "eternal glory to the fallen Chinese People's Volunteers."

The Chinese Premier was accompanied by Korean Vice-Premiers Kang Hui-won, Kim Tal-hyon and other officials.

DPRK Papers Hail Visit

*OW0305081391 Beijing XINHUA in English
0758 GMT 3 May 91*

[Text] Pyongyang, May 3 (XINHUA)—Leading newspapers of the Democratic People's Republic of Korea (DPRK) today hailed the official goodwill visit by Chinese Premier Li Peng, who arrived here earlier today.

Entitled "Friendship Envoy of Fraternal Chinese People," "RODONG SINMUM" said editorially that the visit will "mark an important occasion in further tightening the bonds of fraternal amity and militant friendship between the two parties, two countries and two peoples."

The visit will also greatly encourage the people of DPRK to strive for more successes in socialist construction and national reunification, the editorial continued.

Praising the Chinese Communist Party's efforts to build socialism with Chinese characteristics, the editorial said that under the party's leadership the Chinese people have made great achievements in upholding Marxist principles while pursuing the policy of reform and opening to the outside world.

The Chinese people believe in superiority of socialist system and reality in China has proved nobody can destroy that "deep-rooted" system, the editorial said.

"Korea-China friendship is a traditional friendship cemented in blood in the joint struggle against imperialism," the editorial said, adding that to further the Korea-China friendship is of major significance to the socialist cause and peace in Asia.

Other leading newspapers including "MINJU CHOSON," "PYONGYANG SINMUM" and "RODONG CHONGNYON" also carried editorials today to greet the visiting Chinese Premier.

North Korean Reportage

WA0305112891

For further reportage on the visit by Premier Li Peng and his delegation to the DPRK, including reports on his talks with Yon Hyong-muk, premier of the DPRK Administration Council; DPRK Foreign Minister Kim Yong-nam; and other DPRK officials, please see the North Korea section of the 5 May East Asia DAILY REPORT and subsequent issues.

Jiang Zemin Meets With Japan's Nakasone

HK0305073891 Beijing ZHONGGUO XINWEN SHE
in Chinese 0632 GMT 3 May 91

[Report by staff reporter Li Wei (2621 0251): "Jiang Zemin Says Sino-Japanse Bilateral Relations Should Summarize Past, Look to Future"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 3 May (ZHONGGUO XINWEN SHE)—This morning, Jiang Zemin, general secretary of the CPC Central Committee, had cordial talks for 80 minutes with former Japanese Prime Minister Nakasone, and they deeply exchanged opinions on a wide range of issues.

Jiang Zemin said: Through the efforts of the Japanese Government and the Japanese people in official and other circles, Sino-Japanese relations have basically returned to normal. This is favorable to the further development Sino-Japanese relations. Next year will mark the 20th anniversary of the normalization of Sino-Japanese diplomatic relations. Both sides can make use of this opportunity to summarize the past, look to the future, and advance the friendly and cooperative relationship between China and Japan.

Jiang Zemin also said: The Chinese and Japanese statesmen of the older generation set up the goal of keeping friendly relations between the two nations from generation to generation. This is in line with the fundamental interests of the two peoples. Both sides should seriously summarize their historical experience, intensify the education for the younger generation, and ensure that China and Japan will stably maintain their friendship over a long time from generation to generation.

Jiang Zemin pointed out: Although there is an aspect of relaxation in the current international situation, factors of unrest still exist. China hopes for a peaceful international environment, and the Chinese Government will continue to pursue the independent peace-oriented foreign policy and will develop good-neighborly and friendly relations with all countries in the world on the basis of the five principles of peaceful coexistence.

When talking about the new international order, Jiang Zemin stressed that all countries, big or small, rich or poor, strong or weak, should be equal and should not interfere in each other's internal affairs. The social system in a country should be selected by the people in this country according to their specific national conditions.

Jiang Zemin indicated that his forthcoming visit to the Soviet Union will be a reciprocal visit to Gorbachev's visit to China in 1989. China is willing to develop good-neighborly and friendly relations with the Soviet Union on the basis of the five principles of peaceful coexistence.

Jiang Zemin also highly valued Nakasone's efforts for the development of Sino-Japanese friendly and cooperative relations over a long time.

Nakasone said: At present, as the cold war has come to an end but a new order has not yet taken shape, it is of special importance in the world to strengthen the friendship and cooperative relationship between Japan and China.

He also said: Japan belongs to the Chinese cultural circle from the historical point of view, and has been keeping close cultural ties with China. Japan understands China most deeply, and China also understands Japan most deeply. Through the efforts of the two countries' statesmen of the older generation, Japanese-Chinese relations have developed to today's conditions, and this is never easy. Henceforth, the two sides should make further advances with a firm conviction, and push Japanese-Chinese friendship to a new stage.

The meeting was held in Zhongnanhai.

Minesweeper Deployment

OW0305062791 Tokyo KYODO in English 0603 GMT
3 May 91

[Text] Beijing, May 3 KYODO—Chinese Communist Party leader Jiang Zemin indicated Friday he understood the situation surrounding the deployment of Japanese minesweepers to the Persian Gulf, Japanese officials said.

The deployment is "aimed at securing international sea passage and I can understand in [as received] this meaning," Jiang, the party general secretary, told former Japanese Prime Minister Yasuhiro Nakasone, who is visiting Beijing this week.

Jiang was the first Chinese leader to show understanding for the deployment of the Japanese Maritime Self-Defense Force minesweepers now heading for the Persian Gulf. The ships are to help clear mines laid by Iraqi forces in the Gulf war.

Premier Li Peng told Nakasone on Wednesday that the dispatch is a delicate issue and asked Japan to keep in mind the possibility that its actions could remind Chinese and other Asian peoples of past "unpleasant" experiences.

The comment apparently was a reference to Japan's actions in World War II.

Japanese Prime Minister Toshiki Kaifu said last month the minesweeper deployment is aimed at helping secure safe passage for ships in the Gulf and it will contribute to efforts to rebuild nations hit by the Gulf crisis.

Jiang, however, urged Japan to be cautious and to consider other Asian countries that remember the war and now are wary about Japanese action.

Nakasone is in Beijing to attend the opening ceremony of a Japan-China youth center and visit northeastern China.

Former Japanese Prime Minister Takeshita Visits

Li Peng on U.S. Ties

OW0205153391 Tokyo KYODO in English 1508 GMT 2 May 91

[Text] Beijing, May 2 KYODO—China wants Japanese help in becoming a member of the General Agreement on Tariffs and Trade (GATT), Chinese Premier Li Peng told former Japanese Prime Minister Noboru Takeshita on Thursday.

Li emphasized that GATT membership would be a sign of support for China's reforms and open-door policy.

Li, noting problems over trade in China's relationship with the United States, told Takeshita that China would like Japan's assistance to improve its relations with the West.

The Chinese premier expressed hope for better relations with the U.S., calling China's relationship with the U.S. "the largest issue" in its ties with Western nations.

Takeshita told Li that "expanding international liquidity would be good for China's policy of reform and openness."

He told the Chinese premier that he had advocated a new allocation of International Monetary Fund (IMF) special drawing rights (SDRS) as a means to cope with the international shortage of capital at a meeting in

Washington earlier this week of former finance ministers and central bankers from the world's seven major industrialized nations (G-7).

Li told Takeshita that reform measures such as adjustments to exchange rates and increases in food prices are linked to the introduction of market economy mechanisms.

Takeshita, who arrived in China on Thursday, is in China on a three-day visit to attend the opening of a Japan-China youth exchange center Friday.

Meeting With Qian Qichen

OW0305082291 Beijing XINHUA in English 0814 GMT 3 May 91

[Text] Beijing, May 3 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen and visiting former Japanese Prime Minister Noboru Takeshita had an hour-long discussion on Sino-Japanese relations here today.

Takeshita is here to attend the inauguration of a center for exchanges between Chinese and Japanese youth.

The host and guest agreed during the discussion that in order to further promote China-Japan friendship, more activities should be arranged to celebrate the 20th anniversary of the establishment of diplomatic relations between the two neighbouring countries in 1992.

Qian expressed satisfaction at the fact that the Japanese people from various walks of life are unanimous in developing Japan-China friendship.

He said that the growth of such friendship is very important not only to China and Japan, but also to peace and stability in the Asia-Pacific region and the world at large.

Briefing the visitor on the situation in China, Qian said that China is making progress in promoting relations with other countries, particularly in restoring normal relations with western countries.

On this issue of normalizing relations with these countries, Japan has played a positive role, Qian noted.

Qian conveyed good wishes from Madame Deng Yingchao, widow of the late Chinese Premier Zhou Enlai, to Mr. and Mrs. Takeshita.

At the end of the meeting, Qian hosted a luncheon in honor of the Japanese guests.

Kaifu Cited on Japan's International Role

OW0305063391 Beijing XINHUA in English 0558 GMT 3 May 91

[Text] Singapore, May 2 (XINHUA)—Visiting Japanese Prime Minister Toshiki Kaifu has said that Japan wished to move forward to play a role in the international community not only in economic terms but also in political terms.

Kaifu said, "We do that with a very acute sense of consciousness about what Japan did in the past in the part of this world." He was apparently referring to Japanese aggression and occupation of Southeast Asia during the second world war, which still causes terrible-ness [word as received] among Asian peoples.

This was briefed to reporters by Japanese Government spokesman Sadaaki Numata at a press conference at the end of the talks between Kaifu and Singapore Prime Minister Goh Chok Tong this afternoon.

The spokesman quoted Kaifu as saying that while the Asia and Pacific region has seen economic progress and democracy move in some countries, there are still some unresolved problems which might become source of instability, for example, the Cambodian problem, the pending matter of the four northern islands between Japan and the Soviet Union, and that of Korean Peninsula.

Kaifu said the U.S. military presence in the region was indispensable, and Japan's ties with the U.S. was an axis of its foreign policy.

In order to contribute to the international community, he said, there should be more contribution and cooperation on the part of Japan not only in terms of money or material goods but also in terms of sending personnel for international efforts to maintain peace and security.

Goh urged Japan to increase its investments in the region to help the economies in the region to be more resilient.

He also called for further opening of Japanese market for Asian countries.

On the Cambodian issue, the two prime ministers agreed that it was important to get four factions of Cambodia to accept the UN documents.

Goh said that Vietnam should not be given a wrong signal that it would get economic aid before it accepted the UN documents on the Cambodian problem.

West Europe

Further on French Foreign Minister's Visit

Political Prisoners Discussed

LD0105082991 Paris Domestic Service in French
0800 GMT 1 May 91

[Text] Beijing accepts the principle of a French mission of inquiry on political prisoners. At the end of his three-day visit to Beijing, Roland Dumas called on the Chinese premier to grant them an amnesty. The French foreign minister has departed for Guangzhou before making a stopover in Hong Kong.

Discusses Human Rights

PM0205145691 Paris LE MONDE in French
2 May 91 p 6

[Jacques Amalric and Francis Deron report: "France's Position on Human Rights Issue Remains Vague"]

[Text] Beijing—The three-hour conversation which Mr. Dumas had with his counterpart Qian Qichen immediately after his arrival on Monday afternoon, made it possible to assess bilateral and international issues at a time when France has decided to reestablish "the necessary dialogue with China—the key component of French policy in Asia" (to cite the Quai d'Orsay chief).

Referring to the "events which occurred" in 1989 but without naming Tienanmen Square, when addressing the French community in China on Tuesday morning, Mr. Dumas painted a "realistic" picture of French policy toward Beijing: France must not "determine its policy only in accordance with its own interests"—it must also take account of "the values which it represents, that is clear; but life being what it is, we must also take account of realities." That is probably why the French delegation said little about the part of the Dumas-Qian Qichen conversation devoted to human rights. The subject was raised in a "collective and individual way," but nobody is yet willing to say whether a list of imprisoned dissidents was handed over.

The same vague atmosphere surrounds the mission of French jurists whose arrival was announced by Thierry de Beaucé, secretary of state responsible for international cultural relations, during his visit to Beijing at the end of March. Mr. Dumas' spokesman was not able to give any date for the arrival of this mission which has the task not only of investigating the fate of political prisoners but also of explaining to the Chinese authorities the Western idea of human rights. The matter "has to be reviewed," he said.

It was also difficult to reach agreement on economic exchanges. For Paris, China's second biggest supplier of public credit after Japan, trade with Beijing shows "a serious deficit." According to the French, the trade ratio is 7 to 12. This estimate was disputed by Qian Qichen who thinks it is China which has a deficit. They agreed to allow the experts to discuss the matter. There is no indication that the issue could be cleared up before the meeting of the joint commission, scheduled for the fall.

Beijing and the Gulf Crisis

With regard to the proposed French industrial projects, like the Sanya airport on the southern island of Hainan, the Canton subway, or the doubling of capacity at the Daya Bay nuclear power station near Hongkong, China "gave the impression that a number of these projects could go ahead." Beijing made a small gesture in agreeing to resume the television French language courses which were stopped

during the 1989 clampdown. France and China also signed an agreement on the opening of new consulates, the French one being in Canton.

In the international sphere, Mr. Dumas expressed France's satisfaction at Beijing's behavior during the Gulf crisis. As a permanent member of the Security Council, China could have hampered the coalition process at any time by a negative vote. But, when it did not want to vote in favor, it preferred to "participate by abstention" in the allies' effort. That was even the case for resolution 688 condemning Saddam Husayn's repression of the Kurds and the Shi'ites. In this connection, Qian Qichen was anxious to remind Mr. Dumas that the aid given to the Iraqi refugees should not be "to the detriment" of Baghdad's "sovereignty"—a concern which is easily explained by the Tibet issue alone. Among the other subjects discussed, spokesman Daniel Bernard mentioned French support for China's application to join the GATT, the Taiwan question, the application from the two Koreas for UN membership, the Cambodian issue, the "similar positions" held by Beijing and Paris on the Israeli-Arab conflict, and Mr. Dumas' recent meeting with Mr. 'Arafat in Tripoli.

One last thorny question which was mentioned in passing by Mr. Bernard—China's contribution to nuclear proliferation. It seems that Mr. Dumas raised the question of Beijing's participation in the construction of a nuclear reactor in Algeria. French sources do not cast doubt on the essence of the report published by THE SUNDAY TIMES. It is taken particularly seriously because Algeria is not a signatory of the nonproliferation treaty. Finally, the French side did not confirm that the question of the sale of Chinese medium-range and long-range missiles—which greatly worries Washington—was discussed.

Reassurance on Algerian Reactor

*LD0105194691 Paris International Service
in French 1830 GMT 1 May 91*

[Text] The story of the Algerian nuclear reactor goes on. While officials in Algiers and Beijing are still stressing that the reactor being built in Algeria will only have a peaceful use, French Foreign Minister Roland Dumas now visiting China has been reassured by his Chinese colleagues. In the meantime our special correspondent (Caroline Fluel) inquired on the spot about the famous reactor:

[Fluel] It was in February 1983 that the Chinese signed an agreement with the Algerians to build a plant with a heavy water reactor. Today the construction is nearly finished. The reactor should have a maximum power of about 15 megawatts, which is not very significant on the nuclear level. Thus the explanation given by the Chinese to Roland Dumas, according to which it would be a research center for civilian use, would seem credible. So now the problem is no more seen in the light of strategic risks, the more so since the Algerians have agreed to submit [the plant] to IAEA controls.

On the other hand, the story calls in question the efficiency of the work of French intelligence services. The Chinese-Algerian plant is part of what Paris calls its security zone, but Roland Dumas stated that he learned about the existence of this nuclear research center only a few days ago, that is to say eight years after the beginning of cooperation between China and Algeria.

Song Ping Meets Portuguese Communist Official

*OW0205122091 Beijing XINHUA in English
1205 GMT 2 May 91*

[Text] Beijing, May 2 (XINHUA)—Song Ping, standing committee member of the Political Bureau of the Chinese Communist Party Central Committee, met here today with Carlos Costa, a central committee member of the Portuguese Communist Party.

During the meeting, Song called the Portuguese Communist Party a serious Marxist party, which has supported China's socialist construction and reforms since the two parties established relations.

Song said he hopes to see the friendship and cooperation between the two parties further develop, according to a Chinese official.

Apart from Beijing, Costa has visited Dalian, Shanghai and Tianjin since he arrived here on April 19.

Justice Minister Ends Visit to Spain

*OW0305074891 Beijing XINHUA in English
0732 GMT 3 May 91*

[Text] Madrid, May 2 (XINHUA)—Chinese Justice Minister Cai Cheng today left here for Portugal after ending his six-day official visit to Spain.

During his visit, Cai met with his Spanish counterpart Tomas de la Quadra, president of Congress of Deputies Felix Pons and President of Supreme Court of Justice Pascual Sala respectively.

In their talks on Monday, the Spanish Minister told the Chinese guest that his country is very interested in reform in China and the Spanish Government supports that reform.

Pons told Cai on Tuesday that the political relations between the two countries are good, which have promoted the bilateral cooperation in other fields. Sala said although China has met difficulties in the reform, the reform has developed the economy in China.

Liao Hansheng Meets Italian Parliamentarians

*OW0105152591 Beijing XINHUA in English
1449 GMT 1 May 91*

[Text] Beijing, May 1 (XINHUA)—Liao Hansheng, vice-chairman of the Standing Committee of the Chinese

National People's Congress (NPC), met here this afternoon with a delegation from the Italian Foreign Affairs Committee of Chamber of Deputies (FACCD).

Led by FACCD's President Flaminio Piccoli, the delegation arrived here today at the invitation of the NPC Foreign Affairs Committee.

The delegation is scheduled to hold talks tomorrow with the NPC Foreign Affairs Committee on issues concerning the relationship between the two countries and the two parliaments.

East Europe

Wu Xueqian Meets Romanian Interior Minister

*OW0205111091 Beijing XINHUA in English
1100 GMT 2 May 91*

[Text] Beijing, May 2 (XINHUA)—Chinese Vice-Premier Wu Xueqian met and had a friendly conversation with Doru Viorel Ursu, Romanian minister of internal affairs, and his party here today at the Diaoyutai guesthouse.

The delegation arrived here on April 29 as guests of Tao Siju, minister of public security.

During the past days the two sides have held talks on enhancing the exchange and cooperation in public security and internal affairs between the two countries.

Beijing Reception Marks Poland's National Day

*OW2904121991 Beijing XINHUA in English
1158 GMT 29 Apr 91*

[Text] Beijing, April 29 (XINHUA)—The 200th anniversary of the May 3 Constitution Day, or the national day of Poland, was marked at a reception here this evening, which was hosted by the Chinese People's Association for Friendship With Foreign Countries and the China-Poland People's Friendship Association.

Addressing the reception on the occasion, Han Xu, president of the Chinese People's Association for Friendship With Foreign Countries, spoke highly of the Polish people's tradition of patriotism, wishing Poland prosperity and its people happiness.

On Sino-Polish relations, Han referred to the traditional friendship between the two peoples, saying the two countries are conducting fruitful cooperation in the various fields of economics, trade, science, technology, culture and sports.

Enhancement of mutual understanding and development of friendly relations of cooperation between China and Poland not only accord with the fundamental interests of the two peoples, but also contribute to the peace and stability of the world, he said.

Polish Ambassador to China Zbigniew Dembowski said in his toast that Chinese Foreign Minister Qian Qichen's

recent successful visit to Poland reflected the fine relations between the two countries and would create favorable conditions for the expansion of bilateral ties in all spheres.

Yugoslav Republics in Dispute Over Referendum

*OW3004071891 Beijing XINHUA in English
0703 GMT 30 Apr 91*

[Text] Belgrade, April 29 (XINHUA)—The presidents of Yugoslavia's six republics remain in dispute over procedures and even the timing of a national referendum to decide the country's future.

According to a joint communique released Monday after a new round of talks, the republics' presidents rescinded their earlier agreement that voting would occur by June. The Republic of Macedonia, for one, insisted on a postponement until mid June.

Serbia and Montenegro proposed a standard fixed time and procedures to be followed in the referendum, while Croatia unilaterally set the voting date for May 19.

Unlike previous negotiations, the fifth round of talks failed to end in a general consensus on the timing and venue for the next round of talks.

Albania's First President Takes Oath of Office

*OW0105015191 Beijing XINHUA in English
0107 GMT 1 May 91*

[Text] Tirana, April 30 (XINHUA)—Albania's first president Ramiz Alia took an oath of office at the Albanian People's Assembly here today.

In his inaugural speech made about half an hour after his election as president of the republic at the first session of the 12th People's Assembly, Alia said he will try every effort to fulfill his duties assigned by the People's Assembly and will not hesitate to sacrifice his all, including his life, in the interests of the country.

He said that a strong will, a spirit of understanding and unity are required for resolving the difficulties now confronting the country. These difficulties cannot be overcome singlehandedly by any individual political force or state apparatus.

Alia urged all political parties to subordinate their political views and ideologies to the interests of the people and to get united for a new stage of reform, the stage of more thorough-going reform.

On Albania's external relations, the president stressed that his country is seeking for close cooperation with the whole world and that it will work out a foreign policy marked by opening to the outside world.

He stressed that this policy will defy prejudices and accord with the trend of democratization in international relations.

Latin America & Caribbean

Peng Chong Meets Venezuelan Parliamentarian

OW2804164991 Beijing XINHUA in English
1448 GMT 28 Apr 91

[Text] Beijing, April 28 (XINHUA)—Peng Chong, vice-chairman of the National People's Congress (NPC) Standing Committee, met here today with Jose Rodriguez Iturbe, secretary of Foreign Affairs of the Christian Social Party of the Republic of Venezuela.

Peng had a cordial and friendly conversation with Iturbe, who is former president of Chamber of Deputies.

Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, met with Iturbe yesterday.

Ecuadoran President Receives Outgoing Envoy

OW2604143991 Beijing XINHUA in English
1055 GMT 26 Apr 91

[Text] Quito, April 25 (XINHUA)—Ecuadoran President Rodrigo Borja Cevallos met with the outgoing Chinese ambassador to this country, Wang Ganghua, and had a friendly and cordial talk with him here today.

During the meeting, President Borja expressed his satisfaction with the development of the relations between the two countries, saying that these relations have been at their best since the establishment of diplomatic relations between the two countries.

The president also sent his regards to Chinese President Yang Shangkun and other top Chinese leaders.

In a farewell dinner in honor of the outgoing ambassador three days ago, Ecuadoran Foreign Minister Diego Corcovez, on behalf of his president, conferred an Ecuador Grand Cross Medal on Wang Ganghua in recognition of his contribution to strengthening Ecuador-Chinese friendship and cooperation.

In response to the conferment, Wang said this was not only his own honor, but also a manifestation of the Ecuadoran people's friendship towards the Chinese people and government.

XINHUA, PRELA Sign Exchange Accord

OW0305073891 Beijing XINHUA in English
0617 GMT 3 May 91

[Text] Havana, May 2 (XINHUA)—China's news agency, XINHUA, today signed a new information exchange agreement with its Cuban counterpart, PRENSA LATINA.

The agreement was based on the original accord signed by the two agencies in 1960.

XINHUA Vice President Pang Bingan and PRENSA LATINA's president, Pedro Margolles Villanueva, signed the agreement.

Under the agreement, the two sides have agreed to boost their information exchange in the areas of news photos, stories and feature articles.

Political & Social

RENMIN RIBAO Marks 4 May Movement

OW0305130291 Beijing XINHUA Domestic Service
in Chinese 1017 GMT 3 May 91

[“RENMIN RIBAO 4 May editorial: Dedicate our Youth To the Magnificent Objective: Commemorating the 72d Anniversary of the 4 May Movement”—XINHUA Headline]

[Text] Beijing, 3 May (XINHUA)—At this important moment when the people of all nationalities across the country are implementing the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee and the Fourth Session of the Seventh National People's Congress, and are advancing courageously with full confidence towards the magnificent objective for the end of this century, a commemoration day—the 72d Anniversary of the 4 May Movement—has arrived. We hereby extend our festival greetings to our young friends of all nationalities and all circles across the country.

The last 10 years was a decade in which China made great achievements in socialist construction, as well as a decade in which the youth movement in our country glowed with new radiance. Hundreds of millions of young people, full of vitality, have worked hard in unity on all fronts of the motherland. They are a shock brigade, as well as fresh troops, promoting our construction and reform. When we commemorate the 4 May Movement today, we should mobilize the young people across the country to inherit and carry forward the spirit of patriotism of the 4 May Movement, study hard, strive to become useful people, and continue to make contributions to the great socialist motherland. The outline of the 10-year Program and the Eighth Five-Year Plan, formulated at the proposal of the Party Central Committee, has pointed out the objective of struggle for the people across the country. It has also opened up a vast new world in which the hundreds of millions of young people can render service to the country and put their ability to good use. All Chinese youth with [political] consciousness and high aspirations should conscientiously plunge themselves into this great undertaking, and dedicate all their wisdom and strength to write the most magnificent chapter of patriotism of the new period.

The prospects for China's development in the next 10 years are heartening. However, China today is still a developing country with extraordinarily arduous tasks in socialist construction and reform, and with many obstacles and difficulties on the road ahead. Young people today should regard the fate of the country as their responsibility, seek to work where the country and the people need them the most, go where conditions are hard, and work at difficult work posts to face the world, temper themselves in storms and enhance their ability. The value of life lies in dedication, and the joys of life dwell in struggle. Although we are doing different work,

all of us are able to develop our ability to the full so long as we fight indomitably and make selfless dedication.

Young people are the hope and future of the country. All our undertakings will eventually be turned over to the younger generation. To take up heavy historic responsibility, young people must first study Marxism-Leninism-Mao Zedong Thought, and in the course of integrating theory with practice, grasp the theories for building socialism with Chinese characteristics, cultivate a correct world outlook and outlook on life, know how to observe and analyze problems with Marxist stand, viewpoint and method, and constantly enhance their ability to distinguish and resist the ideological trend of bourgeois liberalization. At the same time, they should study scientific and general knowledge. Science and technology are the primary productive force, as well as the key to attaining the second-step strategic objective. All young people should strive to learn the skills necessary to their work, and turn their aspirations for dedicating themselves to the service of the country into creative work and labor.

Integrating with workers and peasants, learning from the masses, and learning through practice, are the correct road for the healthy growth of youths. Young people, particularly people with higher education, only by going deep among workers and peasants, going deep into reality, and getting nourishment and wisdom from the masses of workers and peasants, can they combine their strength with that of the people, and can they succeed in life. All young people with ideals should unwaveringly take the road of integrating with the masses of workers and peasants. This is the road on which to become a useful person and the road for success.

Young people are the major objects of struggle between domestic and foreign hostile forces and us. Since the Fourth Plenary Session of the 13th CPC Central Committee, and under the leadership of the CPC Central Committee with Comrade Jiang Zemin at its nucleus, we have corrected the tendency of “taking a hard-handed approach at one time, and then taking a soft-handed approach at another time;” carried out education on adhering to the four cardinal principles; criticized bourgeois liberalization; vigorously strengthened ideological and political work, particularly ideological work among youths; as a result, the building of socialist spiritual civilization has seen the reappearance of a good momentum, which was rarely seen in recent years. We are pleased to observe that over the past two years, gratifying changes have occurred among the broad mass of young people, especially among college students. Many young people diligently study Marxism-Leninism and Mao Zedong Thought. They go deep into society; they understand their country's situation; they have increased their ideological and political awareness greatly; they love the motherland more than before; they ardently love the Communist Party and socialism. Facts have shown that youths are a lovable generation; they are a generation full of hope. If we unremittingly persist in

doing a good job in guiding and educating young people, the attempt by hostile forces for peaceful evolution will end in bubbles.

The party and government have always shown great concern for the growth of youths. Under the new situation and before the new tasks, all levels of party and communist youth league organizations, governments at various levels, and people in society, should attach a still greater importance to youth work, making the doing of a good job in youth work an important link in realizing the Ten-Year Program and the Eighth Five-Year Plan. We should not only treat young people warmly, but we should also set strict demands on them. We should create still better conditions for their healthy growth and help them become useful persons, and help them get established in life. We believe that Chinese youths, with the glorious revolutionary tradition behind them, will surely be capable of doing a great job in realizing the second-step strategic goals, and will surely create glorious achievements which they can be justly proud of before their ancestors and before our great times.

Deng Reportedly Supports Jiang Zemin Faction

HK0305123791 Hong Kong CHENG MING in Chinese No 163, 1 May 91 pp 12, 13

[“Notes on the Northern Journey” by CHENG MING reporter Luo Ping (5012 0393): “Deng Xiaoping Backs Up Shanghai and Jiang Faction”]

Jiang Zemin holds two trump cards in his hands that enable him to stand up to Li Peng as an equal. 1) The ranks of cadres are made younger, opening the door to the “Shanghai faction” and the “Communist Youth League [CYL]” so that they can march into central organs; and, 2) Deng Xiaoping has actually supported the “Shanghai faction” in marching into Beijing and supported the formation of the Shanghai and Jiang faction.

On One Hand, Jiang Cannot Be Overthrown; on the Other Hand, the Shanghai and Jiang Faction Is Allowed To Wax Strong

On the one hand, Jiang cannot be overthrown; on the other hand, the Shanghai and Jiang faction is allowed to wax strong. This is now a salient characteristic of the struggle for power within the CPC.

I wrote many reports in CHENG MING and TUNG HSIANG on the situation in which Li Peng and his ilk failed to overthrow Jiang; I am again dealing with this in another “Notes on the Northern Journey” in this issue of CHENG MING. It is unnecessary to go into details here. The Shanghai and Jiang faction mentioned here refers to both Jiang Zemin coming from Shanghai and the Shanghai faction. Since Jiang Zemin came to Beijing, cadres whose native place is Shanghai have been transferred to Beijing in a steady stream. According to statistics, of the cadres at and above the mid-level who have been transferred to party and state organs over the past two years, 40 percent came from Shanghai. Therefore,

there is a tendency for “the ‘Shanghai faction’ to march into Beijing.” In addition, Zou Jiahua and Zhu Rongji, who have recently promoted to vice premiers; and Qian Qichen, who was promoted to a state councillor, have connections with Shanghai in one way or another. Zhu Rongji is also an old partner of Jiang Zemin. Zou, Zhu, and Qian are both the backbone of the “Shanghai faction” and the pillars of the group to be organized by Jiang Zemin. These three stars of political circles, together with General Secretary Jiang Zemin and the other cadres whose native place is Shanghai and introduced by him, have already initially formed a political system with fairly actual strength—the Shanghai and Jiang faction, as it may be called.

Jiang Zemin Appoints a Large Number of “CYL Faction” Cadres

This is a characteristic of the group organized by Jiang Zemin. On the one hand, it may, of course, not be too scientific to stress the local color of the Jiang faction because no apparent Jiang Zemin tendency toward localism can now be seen. On the other hand, there are also “party and state leaders” whose native place is not Shanghai in Jiang Zemin’s system, the most obvious one is Li Ruihuan.

In addition to the enlistment of capable assistants and generally talented people in Shanghai, Jiang Zemin has also appointed a large number of forces of the Hu Yaobang faction from the CYL system. In the period of the CPC Central Committee’s Seventh Plenary Session, held at the end of last year, after Jiang Zemin and Song Ping listened to the CYL Central Committee Secretariat’s report, Jiang again proposed that “the CYL must train reserve cadres for the party.” Therefore, the CYL cadres now feel that doing CYL work looks hopeful. It was said that since the beginning of this year, the cadres at and above the level of CYL Central Committee department deputy director have been transferred very frequently; they were seven people, including the directors of the propaganda and united front work departments, the director of the policy study office, and the deputy director of the department of culture and physical culture, who have been transferred to party central organs. At the end of March, Liu Yandong, executive secretary of the CYL Central Committee and president of the All-China Youth Federation, left the CYL Central Committee and was transferred to the post of first deputy secretary general of the CPC Central Committee United Front Work Department. It was said that as the secretary general of the CPC Central Committee United Front Work Department has reached retirement age and is about to retire, it is probable that Liu will then be promoted to the posts of secretary general and deputy director of the United Front Work Department. Li Peng Both Resents and Hates the “Shanghai and Jiang Faction” [subhead]

The "CYL faction" has marched into the CPC Central Committee organs and, in another aspect, it has strengthened the actual strength of General Secretary Jiang's core and will actually become a pillar of the "Shanghai and Jiang faction."

The "Shanghai and Jiang faction's" formation puts a lot of pressure on Li Peng. Li Peng both resents and hates it. It was learned that, as early as before the CPC Central Committee's Seventh Plenary Session held last year, Li Peng called in Personnel Minister Zhao and instructed him that there were reports from all quarters that the overall situation must be taken into account in transferring and assigning cadres and that it must be remembered that emphasis should not be placed on only one side in doing everything. Since it has had Li Peng's "instruction" since January this year, the Personnel Ministry has turned down many transfer applications from cadres whose native place is Shanghai. This has embarrassed the Personnel Ministry's cadres, and they sighed: Both sides are now doing muddily.

Trump Cards in Jiang Zemin's Hands

The roadblock set up by Li Peng, however, cannot hinder the "Shanghai and Jiang faction's" formation or the strengthening of the Jiang Zemin core's leadership role. Why? First, Jiang Zemin has a trump card in his hands, namely making the ranks of cadres younger. In the middle 10 days of March, the CPC Central Committee issued a document to the lower levels stating that the policy of making the ranks of mid-level cadres younger should be implemented as soon as possible. Insiders disclosed that the Ministries of Justice, Personnel, Labor, and Construction would readjust some 50 percent of cadres at the departmental and bureau levels. This opens the door to the "Shanghai" and "CYL factions" so that they can march into the central organs. Li Peng can be dissatisfied with the group fostered by Jiang Zemin but dares not say one "no" to the making of the ranks of cadres younger emphasized by Deng Xiaoping time and again. **Deng Xiaoping Has Final Say in Zhu Rongji's Transfer to Beijing [subhead]**

Second, Jiang Zemin has another more valuable trump card, that is, Deng Xiaoping has actually supported the "Shanghai faction" to march into Beijing and supported the Shanghai and Jiang faction's formation.

According to reliable resources from Shanghai, although Jiang Zemin's suggestion had a very great bearing on Zhu Rongji's transfer to Beijing, what was more important, it was the result of Deng Xiaoping personally promoting him. Last year and during this year's Spring Festival, Deng Xiaoping had talks with Zhu and expressed hopes once again that Zhu would come to work in Beijing. In addition, while Deng Xiaoping was talking with Zhu Rongji and other principal Shanghai leaders during this year's Spring Festival, he also commended Shanghai's work. Deng Xiaoping said that "Shanghai has very glorious revolutionary traditions and these are your priceless treasure." "Shanghai's party and

people have contributed to China's revolutionary cause. Because you have made contributions, your burden will be even heavier!" Deng especially pointed out that "Comrade Jiang Zemin came to the central authorities nearly two years ago and made a very good impression on upper and lower levels and all quarters. Everyone thinks that Comrade Jiang Zemin was correctly chosen. This is, one may well say, another contribution Shanghai has made toward the whole country."

Deng Xiaoping Pins Great Hopes on Shanghai

Deng Xiaoping dealt with various subjects, ranging from Shanghai's contributions to the whole country's situation. He said: "We must not think the domestic situation is very stable now and can rest assured. I said at the end of last year: Grasping stability is a major job of the whole party. I think we must grasp it for 50 years at least. Without a stable political situation, everything will be blown down. In the past, we reminded ourselves of class struggle every year, every month, and every day and this is wrong (This statement of Deng's is a criticism of Mao Zedong's "Theory of Struggle Everyday"). Grasping stability conforms to the fundamental interests of the whole party and the people of the whole country. As to this point, I maintain that, for a fairly long period in the future, we must remind ourselves of this every year, every month, and every day. We must clearly understand this issue (referring to a stable political situation)." Deng Xiaoping's topic of conversation finally returned to Shanghai. He placed very great hopes on Shanghai and hoped that Shanghai "will stress the overall situation, unity, and contributions; will guard against self-conceit and rashness; will not live off its past glory, stand still, or cease to make progress—it must not proclaim itself a senior...." This "Shanghai conversation" of Deng Xiaoping apparently backed up the "Shanghai faction" to go to Beijing and supported Jiang Zemin, head of the Shanghai and Jiang faction.

The Shanghai and Jiang faction's formation is a strategic measure of Deng Xiaoping and the aim is to strengthen Jiang Zemin's core role so that after Deng Xiaoping passes away, Jiang Zemin's faction can smoothly have the overall situation well in hand, control the general situation, and successfully commence Jiang Zemin's epoch.

Deng Xiaoping Inscribes Title on Picture Album

OW0305141391 Beijing XINHUA Domestic Service
in Chinese 0735 GMT 3 May 91

[*"Picture Album on China's Financial Affairs in the Past 40 Years Has Come Off the Press"*—XINHUA headline]

[Text] Beijing, 3 May (XINHUA) — A large picture album entitled *China's Financial Affairs in the Past 40 Years*, which depicts financial and taxation work over the past 40 years since the founding of the people's Republic, and the cultural life of the cadres of finance,

taxation, and financial accounting departments of our time, came off the press recently. It is now available to the reading public.

Comrade Deng Xiaoping inscribed the book title for this picture album. Chen Yun, Li Xiannian, and Bo Yibo wrote inscriptions for it.

The picture album collected most of the excellent works that had won awards at the calligraphy, painting, and photography contests held by the finance and taxation departments, together with their affiliated organizations, throughout the country since 1989; and rare and valuable photos of historical significance on the finance and taxation work during every historical period since the founding of the people's Republic. Also included in the picture album were some masterpieces of calligraphy and paintings by Huang Zhou, Shen Peng, Wang Xuezhong, Yuan Yiping, Zhou Sicong, and other noted calligraphers and painters.

JINGJI RIBAO Reviews Housing Reform

Part One

*HK0105133091 Beijing JINGJI RIBAO in Chinese
17 Apr 91 p 1*

[Article by staff reporter Mao Tie (3029 6993); "Is It Possible Not To Change the Housing System?: On Housing System Reform (Part 1)"]

[Text] Talk of housing system reform has been going on for years, with endless lengthy articles on this topic carried in the press. Two recent press reports have roused the attention of departments responsible for housing system reform and the press and public opinion units.

One report covered the results of a recent poll on housing system reform conducted by a Heilongjiang relevant department among 1,300 households in 10 cities provincewide. The results of an earlier poll conducted by the same department in 1987 among 1,050 households in seven cities showed that 91.6 percent of those polled supported housing system reform. But results of the recent poll showed that only 49.8 percent of those polled supported housing system reform, a 41.8 percent drop from 1987; and those against housing system reform accounted for 40.3 percent, up 35.2 percent from 1987.

The other report covered the results of a Guagnzhou relevant department poll on housing reform among Wuyang Village's 468 households. Regarding the existing housing system, those who answered "satisfied" or "rather satisfied" accounted for 55 percent; those with a neutral or "indifferent" attitude, 20 percent; and those who answered "do not know," 7 percent. Concerning housing reform, villagers expressing "for" accounted for 34.26 percent; "against," 31.69; and those with an "indifferent" attitude, 23.55 percent.

This shows that on the eve of implementing the housing system reform, we must still answer the masses' question: Why is housing system reform imperative? Can there be a way out for China's existing housing system other than reform?

The malpractice in China's existing housing system is primarily expressed in a poor investment structure, and the failure to realize a sound input-output cycle of funds derived from housing; thus, being unable to provide the people with more housing.

We used to adopt the practice of the state monopolizing housing, while believing it to be one of the socialist system's advantages. Such practice was characterized by the state retaining a portion of funds for the housing of cadres, workers, and staff members prior to distribution; the retained funds were then returned through various channels to relevant departments to build residential houses, which were eventually distributed among cadres, workers, and staff members. Scores of years of practice proved that such practice was a blind alley. According to a survey, in recent years, the state and enterprises have in recent years invested an annual sum of 20-some billion yuan in building residential houses, in addition to expenditures in maintenance, management, and housing allowances to workers and staff members themselves; the annual volume of housing expenditures was approximately 30 billion yuan. However, the average rent for every square meter was approximately 0.1 yuan or so across the nation, while calculated in the cost of housing, the rent should be around 1.5 yuan per square meter, and as commodity (taking bank interests, insurance fee and land-use fee into account) the rent should go beyond 2 yuan per square meter. Now, the rent collected is far from being enough to cover maintenance expenditures. Thus the more the state and enterprises have invested in building residential houses, the greater volume of maintenance expenditures and housing allowance is involved, while accumulation is out of the question, with the burden becoming increasingly heavier and a malignant cycle taking shape.

According to an expert analysis from the Ministry of Construction's Urban Residence Research Institute, under the existing housing system, it is impossible for China's public accumulation to provide, "without compensation," every urban household with an apartment. China's urban population was 200 million in 1989. The urban population's average annual growth rate is approximately 3.5 percent, namely, an increase of 7 million each year. If each of the newly formed nuclear family has three members (the urban single-child urban birth rate is 95 percent), as is the pattern nowadays, the number of new families would be 2.33 million. The year 1988 was the one in which housing investment from public accumulation was approximately 29.2 billion yuan, the highest in the 1980's; 1985 saw the completion of 115 million square meters of floor space, the highest in that decade. A general housing survey in 1985 showed that a newly built apartment had an average floor space of 67 square meters, with an average cost of 196 yuan per

square meter; thus, the 115 million square meters of floor space could only be divided into 1.71 million apartments. The number of apartments completed has been lower since 1985. That means under the existing housing system's investment structure, even the largest housing investment from public accumulation is incapable of meeting the housing demand of new urban families. Moreover, there remain 8 million urban households nationwide living in very poor and crowded conditions. Experts have predicted that a 500 billion yuan investment is needed to resolve the housing problem; however, public accumulation can provide a maximum of 300 billion yuan. This being the case, under the existing housing system, neither the state nor the enterprises are capable of providing an average-level apartment "without compensation" to each family of workers and staff members.

Another major malpractice in the existing housing system is unfair distribution.

China has made marked improvement in urban residential development since reform and opening up. Between 1979 and 1990, newly built residential houses, with a floor space of 1.5 billion square meters, were completed, with the per capita living area expanding from 3.6 to 7.1 square meters. However, there remain some 8 million households living in poor and overcrowded conditions or without a roof, of which, approximately half a million households live with a per capita floor space under two square meters. In some places, the more houses built, the greater the complaints from the masses. Why? Unfair distribution.

From a macroscopic view, the portion of funds the state retained for housing consumption has not been fairly distributed to every unit, worker, and staff member. Generally, a larger unit or organ has greater resources in housing funds with a greater number of residential houses built. The workers and staff members of these units enjoy better housing, whereas it is very difficult for some small units and organs, such as secondary and primary schools, grass-roots stores, small hospitals, and enterprises, to obtain large sum of funds to build residential houses; consequently, small units' housing conditions are all the more difficult. Generally, the housing conditions of workers and staff members of planning departments, goods and equipment administrations, and banks are better than other departments. Take another example, a 1989 Ministry of Construction report on housing conditions inside the ministry showed that, among cadres of the same grade, administrative unit cadres enjoyed more floor space than cadres in speciality bureaus.

From a microscopic view, the existing housing system has failed to restrict irrational demands mechanism-wise; more often than not, this results in the phenomenon where anyone who has power and "connections" enjoys greater floor space and better housing; otherwise, people are destined to permanently stay "in overcrowded and poor" living quarters. Presently, living quarters are "distributed by one's work unit," but not sold or rent-based on the principle of the commodity economy. The individual has no room for choice in that

matter, and housing opportunities are entirely in the hands of those who have power or are in charge of housing distribution. Consequently, unequal opportunities surface more often than not, creating loopholes for those people who abuse power. The phenomenon of obtaining more floor space and better housing through the back door with an unofficial note from somebody is universal in every city. The masses witness scenes of three generations in bunk beds crowded in a small room on one hand, and a family with few persons occupying several apartments on the other. In some recently completed buildings, some of the rooms have never been lit in the evening for years. Such "ghost houses" seem to exist in every big city.

The party and government have on several occasions stressed the need to oppose unhealthy tendencies to resolve problems of abusing power in housing, but with very little effect; in many places, such unhealthy tendencies are all the rage. Why? Because of problems in party style and social atmosphere. True, that has something to do with some people's ideological style, but more importantly, it is the malpractice in the housing system that did it. In his speech, "On the Reform of the System of Party and State Leadership," Comrade Deng Xiaoping profoundly pointed out: "True, our past mistakes were related to some leaders' thinking and style, but more importantly, it was due to problems in the organizational and work systems." Facts since the 11th Central Committee's Third Plenary Session have proved that some bottlenecks that seemed to have been very difficult to resolve for a long time were resolved along with a host of other problems as soon as reforms in systems and structures were conducted. Only by administrative restructuring, reforming the organizational and work systems, will it be possible to find a solution to unfairness and unhealthy tendencies in housing distribution, and to sweep away the soil on which unhealthy tendencies grow.

Because we implemented a housing system characterized by low rent, high housing allowances, and distribution in kind, residential houses, a major category of commodities, has never entered people's realm of consumption, resulting in great irrationality in people's consumption structure. Living quarters can absorb voluminous funds, but nobody would think of buying them. The concept of "depending on the state for housing" is deep-rooted in people's minds, with everyone pinning his hopes for resolving his housing problem on the state and enterprise's investment, and his savings are spent on any commodity but a house. Consequently, it is very difficult for the real estate business to develop into a pillar industry in China, while affecting the development of the building industry.

In a nutshell, the housing system reform is an objective demand in developing the planned commodity economy in China and a need of the deepening economic restructuring. Especially, conducting the housing system reform during the improvement and rectification period will enable the finding of a solution to people's housing problems, and the market will be effectively started.

while pushing forward the development of the building industry and all other relevant trades.

If the housing system reform is imperative, then what substantial benefits will it bring to the masses? Please read "What Will the Housing System Reform Bring Us?—On Housing System Reform (Part 2)."

Part Two

*HK0205060191 Beijing JINGJI RIBAO in Chinese
18 Apr 91 p 1*

[Article by staff reporter Mao Tie (30029 6993): "What Does Housing Reform Bring to Us?: On Housing System Reform (Part 2)"]

[Text] A friend of mine worked at the state organ with modest income. It has been quite a long time since he began work, but he never been given living quarters. This being the case, he was in full support of housing system reform. However, he has of late complained against housing system reform, for he discovered the housing reform projects presented by many cities were a far cry from the housing reform of his expectations.

Frankly he told me that he used to support housing reform, for he opposed unfair housing distribution; some people abused power and occupied several apartments, whereas ordinary people who had no power and connections standing behind them had been kept waiting for the allotment of an apartment. He hoped that through housing reform, those people who abused power would be restricted, and more small potatoes like him would have better living quarters allotted to them. However, the housing reform projects presented to date would restrict those people who abused power, but invariably almost all occupants would have to increase spending on housing. Naturally, it would be impossible for him to live in a low-rent apartment. This being the case, he felt that he would "gain nothing."

I believe ideas such as his are by no means unique.

Housing system reform is under way in approximately 50 cities and towns, with another 200 or so conducting experiments in several aspects or within certain ranges in the reform. Housing reform work in these cities and towns can largely be categorized in the following ways.

The first practice is to start by raising rents to set up housing funds to help promote individuals to purchase or build residential houses. Adopting such practices are 20-some cities, including Tangshan, Yantai, Bengbu, Shenyang, and Chengdu. Specifically, monthly rent has been raised from 0.1 yuan per square meter to over 1 yuan, with housing allowances at the level between 18 and 25 percent of basic wages simultaneously issued to workers and staff members by their work units; at the same time, workers and staff members are encouraged and organized to buy newly-built or old state-owned residential houses at standard prices

(including costs, compensation for requisition of land, dismantling old houses and moving of former residents prior to construction.)

The second practice is to sell state-owned old residential houses at preferential prices to set up housing funds with the proceedings, while promoting rent raising and encouraging individuals to purchase or build houses. Such measures are adopted by 30-some small cities and towns, including Liaoning's Jingxian, Liaozhong and Haicheng, Heilongjiang's Ningan and Baoqing, Dalad Banner in Inner Mongolian Autonomous Region, Shandong's Tengzhou, and Henan's Runan. This practice starts from changing the ownership of residential houses, by selling state-owned public residential houses being rented to the occupants. No subsidies are allowed workers and staff members in buying houses, but preferential prices are provided, with a discount between 20 and 40 percent of the standard prices. New standards for rent are based on preferential prices, those who refrain from buying houses will pay the rent according to the new standards with no subsidies allowed. Relevant departments invest the proceedings from marketing houses in housing funds of the town and enterprises in addition to the original funds for building residential houses from the government and enterprises; and new houses will then be sold to citizens, with a sound house-reproduction cycle realized.

The third practice is to push forward a new system regarding new houses, that are for lease or sale simultaneously, thus bringing along housing system reform. Adopting such measures are some large and medium cities, including Beijing, Zhengzhou, Kunming, Taiyuan, and Jingzhou, and also some cities and towns such as Zhejiang's Xuchang and Fujian's Anxi. Many among the 200 or so cities and towns adopting a single reform measure are following the same practice, characterized by newly-built residential houses for sale to individuals in the main, and for lease, too. In selling new houses, ordinary workers and staff members enjoy preferential or standard prices, while selling at market prices to those with high incomes. When new houses are leased, new rent standards are used, that should at least meet the requirement of "being sufficient for maintenance." With the development of reform, the proportion of the new housing system will be increased, and eventually replace the old one in rent, prices for sale, and housing funds.

Besides, many place have changed past practice characterized by the state monopolizing building, and taken up full responsibility for housing distribution without compensation, while implementing new measures characterized by the occupants participating in building and distribution with compensation, such as encouraging individuals to build houses, organizing cooperatives to build houses, and linking measures for "resolving housing problems of households with difficulties" to housing system reform to give play to citizen initiative to invest in building houses.

The newly introduced Shanghai Municipality Housing System Reform Plan was well-received because it suited local conditions. Its main features may be summarized as follows: "Promote common fund, raise rent and issue subsidies, purchase debenture shares upon receiving housing allocation, preferential terms granted for purchases of homes, and creation of housing committees." The promotion of a common fund is a long-term voluntary savings method where an employee will contribute 5 percent of his monthly salary to the common fund and an equivalent amount will be provided by his unit, the entire amount belonging to the employee. The common fund will be used to purchase, construct, renovate or repair one's own house. By raising rent and issuing subsidies, it means that rents will be doubled on the basis of the rents stipulated in the "Temporary Regulations on Housing Rents in the Shanghai Municipality" and a subsidy amounting to 2 percent of the employee's monthly wage or retirement pension will be accorded. The purchase of debenture share upon receipt of housing allocation means that a tenant who has just received a housing allocation from his unit may only acquire occupancy of the house after agreeing to purchase housing construction debentures share of 20 to 80 yuan per square meter of construction area.

With the above-mentioned housing system reform plan, we will easily discover that the days when a pack of cigarettes may be used to obtain the lease of a house or its occupancy for a month at a low rent are gone forever. Housing reform will cause a considerable number of people to lose their vested interests or their about-to-be acquired vested interests.

At the moment, roughly 25 percent of our country's urban residents experience housing problems, with approximately 500,000 households occupying living space of less than 2 square meters per person. Theoretically, this group of people should be the most ardent supporters of the housing reform. However, because of the adoption of some housing reform measures like the "new house, new system," some of them have also voiced their complaints. Some people say: When they looked forward to housing reform, they were hoping to have low-cost housing in order to "enjoy the superiority of socialism," but the new plan called for them to use their own money to buy, construct, or live in high-cost public housing. They felt it unfair that the money intended for color televisions and refrigerators are to be spent on housing.

In the comprehensive housing system reform which is to be launched very soon, it is possible that cadres and employees who are now living in public housing, notably those leading cadres who occupy fairly big houses and who will not get special attention, will receive the short end of the stick temporarily. Under the welfare housing system of the past, the availability of housing was determined by whether or not the unit had the money to construct houses. Relatively speaking, state organs at all levels had more stable resources for the construction of and investment in housing and thus had more houses

available to them. When allocating houses, state organs at all levels, aside from considering the number of residents, also generally distributed houses according to the rank of the leading cadres. Since cash awards were normally low in state organs, housing became the biggest perk that could be enjoyed by the cadres of organs. If housing reform is implemented, even if subsidies are issued, it would be hard to ensure that most cadres do not have to dig into their pockets. In other words, if housing and rent are no longer linked with work positions and titles and, instead, are linked with construction and repair costs of the house, the loss of one's biggest perk naturally puts one at a disadvantage.

It should be pointed out that the essence of the housing system reform is: Readjustment of the relationship among the state, the enterprise, and the individual in terms of responsibility, power, and interest in housing. That is to say, to give full play to the individual's initiative on the question of housing, and, at the same time, to put the responsibility of the state and enterprises in a position compatible with their capabilities, and to integrate the initiative of the three parties in order to resolve the problem. Housing investments by the state and enterprises will be regularized, while the individual's housing expenditures will be rationalized. The key to the housing reform lies not only in raising rents, fixing a price for the house, and instituting price reform, but also in seeking to integrate well the reform of prices with the reform of property rights and in shifting the basic point in housing to the tenants [as published].

Consequently, at a time when housing system reform is about to be launched comprehensively, we should explain to the people that housing reform could cause some people to temporarily lose their immediate interests, but in the long run, rationalizing the relationship between housing investments and property rights is of profound historic significance to the future reform and opening up of our country and in the development of the national economy. And ultimately, the masses will reap the benefits of the reform.

Housing system reform is different from other reforms which we have already undertaken. In the agricultural reform concerning the system of contracted responsibility by joint households or in the industrial reform of economic contract system, the people were able to reap benefits quickly. But in the housing system reform, some people will have to temporarily lose some benefits. In a certain sense, the degree of difficulty in this reform is greater. Therefore, the people should be made to understand that instead of saying that the housing reform will allow everyone to reap direct benefits, it should be said that through reform, everyone will have an equal chance to share the benefits.

So, is the kind of thinking which maintains that housing should be shouldered by the state reasonable or not? Please see "Article on Housing System Reform (3)": "Do the Wages Cover the Housing Element?"

Part Three

HK0305085391 Beijing JINGJI RIBAO in Chinese
19 Apr 91 p 1

[Article by staff reporter Mao Tie (3029 6993): "Is Housing Factor Included in Wages?: On Housing System Reform (Part 3)"]

[Text] Since their primary school years, those who were born after liberation used to link housing as a welfare policy with socialism's superiority. Our teachers, newspapers, and broadcast media have repeatedly conveyed the message: Why is the wage level in capitalist countries lower than ours? It is because we have the housing, free medical service, and other welfare systems—the state deducts these expenses from the wages before they are paid out, and returns this portion of income to every state staff member and worker in the form of welfare. To be sure, in terms of absolute value, the workers in capitalist countries enjoy a higher wage level, but they have to pay very high rent too. Until recent years, when discussing economic development and living standards of different countries in their newspaper articles, authors still cited housing welfare as an important factor to be taken into account when comparing the income levels of different countries.

Perhaps we may put it this way, people have developed the concept over a long time that the state has deducted the housing expenses from the wages before they were paid, therefore the state should return the housing benefit to every staff member and worker as a part of welfare. This is one of socialism's superior features.

From the housing reform proposal that was set forth earlier, we still can see traces of "housing welfare." In the proposal that suggests "a rent increase and the issuing of housing coupons," the key to the commercialized housing program lies in the measures to change the low rent system, to raise the rent, and at the same time, to issue housing coupons. The total amount of rent increase in a city must roughly equal the total amount of subsidies paid. In other words, after the program of "raising rent and issuing housing coupons" is put into practice, the actual expenses on housing that staff members and workers will have to pay will roughly equal the low rent they used to pay before. Let us cite a case for example: suppose a double-income family with a child lives in a 50-square-meter flat with a sitting room and two bedrooms, the couple earns 200 yuan a month and receives 46 yuan worth of housing coupons; after the housing reform, the family has to pay 60 yuan a month in rent at a rate of 1.2 yuan per square meter; with the value of the housing coupons and the amount of rent they used to pay taken into account, the family actually pays an extra 5 yuan or so for this spacious flat. This program offers staff members and workers an equal chance to get a flat or housing coupons. It helps to curb the malpractice regarding the distribution of housing, and demands that those who want to live in larger flats pay more money. Under this scheme, a staff member or worker will not

have to face an increasing financial burden so long as he does not ask for an unreasonably large flat.

However, the concept that regards housing welfare as an advantage of socialism is no longer accepted as a set rule these days. Some leading comrades have noted: "The current housing system has spread some incorrect concepts among people. Over a long time, people have not counted housing as a commodity and excluded it from the category of everyday consumer goods, believing that housing is a kind of public-owned fixed asset and cannot become private property. For this reason, they have thought of the housing system characterized by low rent, high subsidies, and distribution in kind as an expression of the advantages of socialism, thus they have adopted a set of supply and welfare concepts regarding the housing issue. On the other hand, since one's official position is an important criterion to be considered in housing distribution, a hierarchic concept regarding housing distribution has taken shape. All these outmoded concepts go counter to the current development of China's planned commodity economy."

There is no doubt that the orientation for housing reform lies in changing the unreasonable welfare-type housing system and readjusting the relations between the state, the enterprise, and the individual regarding the housing issue. In other words, the state can ill afford to supply a free flat to each staff member and worker, and, to solve the problem, the staff and workers now must pay for housing themselves while enjoying some limited help from the state and the enterprise. But how can this readjustment be effected? How much should be shared by the state and the enterprise, and how much should be paid by the individual?

Some people believe that in the wake of reform and opening up, the living standard has been substantially improved and the people's personal income has increased remarkably; and the increase in the pay, composed of salaries or wages, bonuses, and other items, actually includes a portion for housing.

It is based on this judgment that some localities, in the ongoing housing reform based on the principle of "a new system for new housing," have simply raised the rent without paying allowances accordingly.

Some people wonder why they used to be told that housing expenses were not counted as a part of their pay and now they are suddenly told that their pay had included the housing factor. If our salaries and wages used to include a portion for housing, how could the low rent system last so long and how had the state been able to afford to build so many housing projects? If it is true that we had practiced a low wage system, then on what did the state spend the portion that was deducted from our salaries and wages?

Some experts, who did a long study of the issue, feel that this country's long-practiced, low wage structure, which could be partly attributed to the low production efficiency, was indeed partly due to the deduction for social

expenses. But how that deduction for social expenses was linked to housing could be a complicated study topic.

In August 1950, a national preparatory meeting on the salary and wage system discussed a series of issues, including the wage unit, standard, and scale; and technical allowances. This was soon after liberation. The wage system was quite confusing at that time, varying from locality to locality. While the northeast used the "point" as the unit, Beijing calculated wages by the quantity of "millet," and Shanghai and some other localities used a "unit in goods." The preparatory meeting finally adopted the "point" as the unit for calculating wages nationwide. A "point" in goods comprises: a jin of grain, 0.025 jin of edible oil, 0.025 jin of salt, 0.13 chi of cloth, and 2 jin of coal. At that time, the wages calculated by the value of goods did not include housing expenses, but this did not imply that the housing factor was excluded from the wages, because many items, such as meat and vegetable, which are consumed as daily necessities like oil and salt, were not listed as components of the calculation unit either. The experts believe that the housing expenses were in fact counted under the item of "cloth" at that time.

In June 1955, the State Council issued the "order on enforcing the wage system and the introduction of a money wage system for the staff of government organs," which provides that all staff members who live in public housing will pay a rent.

The experts' study indicates that the rent for public housing was basically a cost rent, which accounted for about 10 percent of a family's income.

In the late 1950's, as a guiding principle, preference was given to production and high accumulation was encouraged in China, the accumulation rate was raised to over 30 percent of the amount of national income spent. Since a larger portion was devoted to accumulation and investment in production, the portion that was shared out by individuals was less. So the growth in the wages for staff members and workers was slowed down as compared with the normal growth rate. Although the portion deducted as accumulation fund was not solely devoted to housing, there is no doubt that this portion included expenses on housing. Nobody had ever calculated the exact amount that was deducted and devoted to housing in the past, and it is still harder to do the calculation today.

After that, to assuage grievances arising from wage adjustments and also due to some other reasons, rent was reduced on three occasions, with the rate for public housing lowered from an average 20 cents to 13 cents. So, housing became the second distribution of income in kind after the first distribution in the form of wages, and the most significant fringe benefit for state employees. Hence, rent lost its original role and was rendered nominal.

Low wages and high accumulation resulted in reduction in housing consumption funds. But this portion of funds was not turned into real housing and was not fairly distributed among state employees who received low

wages. The portion deducted from the income as housing consumption funds was linked to the benefits for state cadres and staff in five ways, namely, as the portion of capital construction investment that was devoted to housing; the portion of investments in enterprise transformation projects that was devoted to housing; the capital construction appropriations of service units; the housing funds raised by the enterprise for itself (the portion of funds contributed by staff and workers not included); and the housing allowances issued by government organs. Then how did a state employee who received low wages enjoy the portion of housing consumption funds that was deducted from his income? It was very much by chance, as the possibility for him to enjoy such housing investments and the amount he could enjoy were not defined by any rule, and it is still harder to judge whether the process of distribution was fair or not. In general, government organs and service units had a greater opportunity to receive the portion of income deducted as housing funds than enterprises did, and central organizations had a greater opportunity than those at the local level.

From the above analysis we can see that almost the entire portion designated for housing expenses was deducted from our wages in the past. But the situation changed during the past 10 years of reform.

It is quite obvious that the practice of giving preference to local organizations, enterprises, and individuals in the distribution of the national income has resulted in resources dispersion. As local organizations and enterprises have retained a larger portion of profits, a lower portion can be set aside and turned over to the central financial sector. Part of the housing fund now goes to local organizations and enterprises, and part of the enterprise's profits are in turn distributed among staff members and workers as a bonus or in other forms. During the past 10 years of reform, the income of staff members and workers, their nonwage income in particular, has increased quite considerably. A survey shows that in a locality in Guangdong Province where the percentage of nonwage income is pretty high, the basic wages of staff and workers only account for 48 percent of their total income. Therefore, as compared with the wage income before 1978, the higher nonwage income after the reform implies a higher percentage of income for housing expenses. Also, because the outlet of the housing funds has been changed, it now becomes necessary to introduce a reform of the housing system to smooth out the relations between the state, the enterprise, and the individual, and to give full play to the initiative of all three parties regarding the housing issue.

Being aware of the above facts, the urban public who have benefited from the pay increase in the past 10 years of reform should no doubt strongly support the state in its full-scale housing system reform that it will launch very soon. What is more, from a long-term point of view, this reform will be beneficial to them. The government departments concerned should give full consideration to the public's financial capacity; try their best to return as

much as possible, to the staff and workers, the portion that is deducted from their wages as housing expenses; and appropriately set the rent scale or the prices of apartments, offering allowances or other benefits wherever it is suitable.

Now that the state will continue to pay back the portion deducted from the wages as housing expenses in the form of allowances and other benefits, then how much allowances and benefits should be offered and what are the criteria to be followed in fixing the amount of such allowances and benefits? For a discussion of these questions, please read Part Four of this series on the housing system's reform.

Part Four

HK0305102591 Beijing JINGJI RIBAO in Chinese
20 Apr 91 p 1

[Article by staff reporter Mao Tie (3029 6993): "Whither China's Housing Reform?: On the Housing System Reform (Part 4)"]

[Text] Housing is a global issue. The governments of many countries and regions have placed the housing issue in an important position and have come up with many successful experiences.

The Soviet Union has always adopted a system where the state takes care of housing and public housing construction is the primary form of housing construction. Recently, it started preparing to reform its housing system, the nucleus being that the purchase of houses will replace the state's free allocation of houses. In May last year, President Gorbachev issued an order to resolve the housing problem, including: encourage citizens to build houses and regard the construction of individually owned houses as an important state endeavour; set up a housing market and gradually make the transition to commercialization; encourage employees and workers to purchase houses and provide them with material support, such as interest-free loans and nonreimbursable assistance.

Britain's proportion of public housing is also relatively high. Because they were built in the earlier years, the houses are not well-maintained and a great number of them are totally rundown. Moreover, owing to the disparity in wage levels and other reasons, the number of homeless people has risen. To resolve these problems, the British Government has implemented a policy of privatization in housing, urging residents to buy their houses. The measures they have taken are: Families whose incomes exceed a certain level have to purchase or build their own homes; tenants who have lived in a public housing unit for two years have the right to buy the houses they are occupying at a 32 percent discount on the purchase price; those who have lived for more than 2 years in their house may purchase it with an additional 1 percent discount for each year of tenancy; and a housing association was established to help the individual resolve his or her housing problem.

In the late 1970's, Hong Kong vigorously promoted the "homeowners" scheme where the government built apartments and sold them at cost to primarily middle- and low-income groups. The apartments sold under this scheme were usually one third cheaper than the normal market price. The government also had an agreement with the banking sector: Banks were to offer preferential loans to purchasers of this type of housing.

In Singapore, the main source of capital for the construction of social housing is the common fund. The common fund system is a compulsory contribution imposed by the Singaporean Government to uphold the interests of employees or wage earners. It is also a form of social insurance. The government stipulates that the common fund may be used for three purposes: 80 percent for cost of living, and the rest for the purchase of homes and payment of insurance fees. Singapore also stipulated that families with a monthly income of 4,000 Singaporean dollars may purchase social housing built by the government. The buyer has to put down a 20 percent initial payment for the social housing, and the rest may be borrowed and paid in several installments. The buyer need not pay out the money himself, as the amount will be deducted from his monthly common fund contribution.

The experiences of the above-mentioned states and regions in resolving their housing problems have provided us with many inspiring thoughts: One, it is necessary to give importance as well as full play to the individual's role in resolving the housing issue, promote the privatization of houses, and grant preferential terms and support in all aspects; two, the housing policy should proceed from the resolution of the housing problems of disadvantaged households as well as middle- and low-income families, granting all kinds of preferential treatment to the low-income group. East Europe's experiences should be taken into account: After reforming the housing system, the state shifted its housing subsidy from construction of residential homes to the residents themselves, diverting the subsidy to employees and workers who are building or buying homes to give full play to their initiative to build their own homes and allow for the integration of investment and consumption in housing.

By absorbing the useful experiences from overseas and integrating them with our country's existing realities, the following scenarios may appear in our housing system: First of all, the "nonreimbursable" allocation and occupancy of houses will gradually disappear, to be replaced by paid allocation and occupancy of houses. Secondly, the allocation, rent, and prices of houses will no longer be linked to ranks, positions, or wages, but will be linked directly to its production and occupancy cost. The state will adopt various channels to partially return to the cadres and employees the housing expenditures which have already been deducted from them earlier, and will also carry out corresponding wage reform. Individually owned homes will increase. In so far as the ownership system is concerned, the new housing system will integrate the publicly owned, jointly owned (collective), and

the various forms of individually owned systems, but with the individually owned houses as the basis and the "residents owning their own homes" as the objective. Along with the increase in the number of individually owned houses, the monotonous designs of houses will also change, to be replaced by more diversified designs and colorful styles.

For instance, after furniture-making was converted from the publicly owned to the individually owned enterprise system, the market became vibrant and animated. Investments in housing construction will mobilize the initiatives of four parties: state, locality, enterprise, and the individual, leading to an increly 2.2 billion square meters of public housing in cities and towns across the country which have already been allocated "gratis" and have become part of the residents' benefits. The sale of old houses is not intended to take away these benefits; its aim is to reform the old system and to accomplish the initial step toward reimbursable allocation.

How is the relationship between the prices of homes and the residents' absorption capability to be determined? In countries like the United States and Britain, the normal price of a house is the sum of an employee's income for five years. Based on this calculation, the total annual income of a middle-income employee in our country is 2,000 yuan (1989) and the sum of five years' of income is 10,000 yuan. A 50-square meter house would cost 200 yuan per square meter. If the price of homes is determined by the total income of an employee for five years, housing expenditures will be equivalent to 20 percent of an employee's monthly salary. Whether or not this kind of computation is scientific has yet to be proven and verified by experts.

According to informed sources, our country's housing system reform will be carried out in a large scale very soon, and that in the coming housing reform, a policy of "suitability to local conditions" will be adopted and not one of "total severance." It is hoped that when governments at all localities formulate housing reform policies, they will proceed from realistic conditions, and not only uphold the state's interests but also try as much as possible to look after the people's practical interests. By doing so, they will certainly obtain the people's support and enable the housing reform to proceed smoothly.

Science & Technology

RENMIN RIBAO on Technology Revolution

*OW0305022391 Beijing XINHUA Domestic Service
in Chinese 1357 GMT 2 May 91*

[“RENMIN RIBAO Article: March Toward New Science and Technology Revolution”—XINHUA headline]

[Text] Beijing, 2 May (XINHUA)—RENMIN RIBAO today published an article by Ren Guojun [0117 0948 6874]. “March Toward New Science and Technology Revolution.” Full text follows.

Marx regarded science as the “revolutionary force in the highest sense,” and pointed out that “labor productive forces of society refer primarily to the force of science.” The course of mankind’s social development, especially the practical experience accumulated since the modern and contemporary times, has testified increasingly to this scientific inference. Every major scientific invention in history has enabled people to achieve a big leap in their cognition of the objective world; and every technological revolution has enhanced the capability of people to transform society to new heights, thereby pushing human society to a higher level of civilization. The invention of the steam engine brought about a revolutionary change in social production and became the powerful lever for fundamentally shaking the Old World. The extensive use of electricity opened up a new economic era and propelled human civilization to an unprecedented stage. Science and technology increasingly have manifested themselves as the powerful driving force for liberating productive forces and promoting social progress.

Today's world is experiencing more and more intensely the surge and impact of new waves of science and technology. Information technology, biotechnology, new materials technology, new energy technology, space technology, and marine development technology have formed an awesome group of new science and technology never seen before, symbolizing the arrival of a hurricane of qualitative change in productive forces. The coming science and technology revolution is incomparable from the previous ones, and we may call it a global and all-directional science and technology revolution in both name and reality. Both developed and developing countries are facing a severe challenge. The production mode, lifestyle, and every aspect of the economic, social, and cultural life of all countries will be affected altogether.

The teacher of the proletarian revolution and China's older generation of proletarian revolutionaries have all along attached great importance to the role and position of science and technology in productive forces. At the onset of the new science and technology revolution, Comrade Deng Xiaoping, promptly grasping the pulse of our times and the trend of social development, repeatedly stressed science and technology as the key to realizing modernization, explicitly pointing out: “Science and technology are productive forces and, moreover, the primary productive forces.” His scientific inference has enriched and developed the Marxist thesis on productive forces, and revealed the primary transformative role of scientific and technological progress in the social and economic development of the contemporary era. His inference is of great pressing and far-reaching significance for guiding China's socialist modernization drive.

The 21st century will witness the development of high technology. New and high-tech industries certainly will achieve new breakthroughs in productivity. While people are taking delight in talking about the kinds of miracles to be created by the coming high-tech revolution, and while futurists are bent on drawing up a picture

of a brand new life in the next century, we should remain sober-minded about the fact that this new revolution will bring about harsh competition.

With the rapid advances in science and technology and their swift transformation into productive forces today, the competition of comprehensive strength between different countries actually is one taking place in the fields of science and technology. Global economic competition increasingly has been materialized and manifested in the competition of technical standards of commodities. Modern war has, to a certain extent, become a trial of strength in high-tech. Science and technology increasingly have become the most active factor and supporting force in modern productive forces. This especially is obvious in developed countries. At the beginning of this century, only 5 to 20 percent of the GNP growth of these countries was attributed to scientific and technological advances; however, the figure rose to around 50 percent in the 1950's and 1960's, and 60 to 80 percent in the 1980's. To attach great importance to scientific and technological advances and to compete for the development of high-tech industries have become the strategic focus and common practice of more and more countries seeking progress. The U.S. "Star Wars program," Western Europe's "Eureka plan," and Japan's "Project for Studying New Areas of Mankind" invariably are aimed at vying for the commanding post in science and technology and the global market of high-tech products as a way of maintaining their position of strength. These costly strategic programs have developed into a "peaceful war" without the smoke of gunpowder. Every country will be affected in this global science and technology war. Whoever lags behind in science and technology will be controlled by others economically, placed in a passive position militarily, and become dependent on big powers politically. This absolutely is not alarmist talk, but grim reality.

Science and technology is the common wealth of the whole mankind. Due to historical and social reasons, the many developing countries indeed are lagging far behind in the science and technology field, compared with developed countries. However, developing countries do not have to repeat what the Western countries have done. While promoting their traditional industries, the developing countries should formulate their own strategy for developing science and technology in accordance with their own conditions. So long as the key points stand out and measures are appropriate, it is entirely possible to beat the time needed to reduce the technological gap with developed countries, or even to directly advance to the leading position of certain high-tech fields. It is precisely by relying on science and technology that a number of newly emerging industrialized nations have been able to upgrade their traditional industries and bring about an economic take-off.

The new science and technology revolution is both a good chance and a challenge to China, which is now concentrating on its modernization. The Chinese people have made prominent contributions to mankind's progress through their brilliant ancient culture. Nevertheless, the accomplishments of our forefathers can only

be used to build up our confidence to reach and surpass advanced world levels, but not to comfort the present backwardness. China's present level and strength of science and technology is very incompatible with its status as a socialist country. Ours is a populous country with weak foundations and a backward economy and culture; and the development of social productive forces has been restricted seriously by many factors, including population, resources, and environment. For a long time we consumed enormous amounts of resources in an effort to develop the economy. This consumption was inefficient, however, and the social labor productivity equalled only 5 percent of the world's advanced level. There will be no way out if we do not imbue ourselves with a sense of crisis and urgency, judge the hour and size up the situation so as to grasp a good chance, and develop the economy through applying scientific and technological advances in a true sense. The challenge of the new science and technology revolution is both economic and political, and should be handled carefully. The more backward an economy and culture are, the more necessary it is to value and fully rely on science and technology to expand productive forces greatly and to achieve a big rise in productivity through scientific and technological advances. We should be more sober-minded and conscientious in this aspect.

After the founding of New China, the Chinese people, under extremely difficult circumstances and by bringing into play the superiority of the socialist system, concentrated manpower and material and financial resources and constructed, through the self-reliance and arduous efforts of a pioneer, a fairly complete science and technology network. Atomic bombs, hydrogen bombs, and satellites produced by China have been acclaimed by the whole world, showing the Chinese people's determination and talent. Especially since the reform and opening, the party and the government have formulated, in accordance with the national condition, a series of principles, policies, laws, and statutes regarding science and technology, that have opened up the way for developing science and technology. China has joined the world's advanced nations in such high-tech fields as the launching and recovery of artificial earth satellites, research and development of electron-positron colliders, and theoretical study of superconductive materials. All of these achievements, which symbolize the prosperity of our country and people, have enhanced the Chinese nation's pride and cohesive power, and placed the PRC in its proper position in the world arena. Because we were able to accomplish a few major undertakings in the development of science and technology in the past, we can achieve much more in this field in the future. Sure we are somewhat backward in some fields, but not in all. We must join the ranks of high-tech developers and always occupy a seat in the field. All pessimistic views and ideas of inertia are untenable.

Comrade Jiang Zemin pointed out recently: To realize the second-step strategic goal of national economic and social development and promote China's socialist modernization

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drive and reform and opening, it is imperative to attach great importance to and rely amply on science and technology. To energetically develop science and technology is the key to realizing China's Eighth Five-Year Plan and 10-Year Program. Comrades of the whole party should recognize this issue from a strategic perspective.

Practice has proved that in vigorously developing science and technology, especially new and high technologies, it is necessary to strengthen top-level policymaking and leadership of the state. In the 1950's, Chairman Mao and Premier Zhou, showing great foresight and after careful planning, presided over the formulation of China's first 12-year plan for developing science and technology, and adopted emergency measures for developing the nuclear technology and new technology in five other fields. This strategic policy decision significantly influenced the modernization of China's science and technology, economy, and national defense for the next one to two decades. To meet the challenge of the new science and technology revolution under the new historical condition, the party and the government have successively formulated and enforced the plan for tackling difficult scientific and technological problems; the Spark Program, 863 Program, Torch Program; the plan for basic research; and the plan for popularizing the fruits of scientific and technological research projects. The plans and programs have yielded remarkable economic and social benefits. In the course of realizing the next strategic goal, it is even more necessary to strengthen top-level policymaking and the unified leadership of the party and the government over the development of science and technology. We should, on the basis of pooling the wisdom of all and after scientific verification, lose no time in making prompt and opportune policy decisions and plans on key projects having a vital bearing on the national economy, people's livelihood, and national defense, in accordance with the needs and capabilities. We should concentrate national material and financial resources and mobilize the main forces of all sectors in jointly tackling difficult projects in developing high technology and new and high-tech industries in a selective way, and strive to achieve breakthroughs on a global scale.

Practice has proved that continually deepening the reform of the science and technology management system is a task brooking no delay. Despite the fruitful reform we have already made, our present management system and operational mechanism for science and technology are still inadequate to meet the needs of modernization. The reform of our science and technology management system should be focused on establishing a new mechanism conducive to economic development and progress in science and technology, and full of vigor and vitality. Economic construction must depend on science and technology, while the work of science and technology must be geared to economic construction. We should devote great efforts to solving the problem of science and technology work being out of step with the economy, accelerate the translation of achievements in

science and technology into actual productive forces, and gradually turn enterprises into main bodies for developing science and technology. The basic way to liberate the primary productive forces—science and technology—to the maximum extent is to develop and industrialize advanced science and high technology. With the growth of our economic strength, the state should continuously increase its input in science and technology and, at the same time, advocate and encourage the input in science and technology by enterprises and society so as to form a multichanneled and multilayered investment system for science and technology. As for some difficult-to-solve problems encountered in the reform of the science and technology management system, we can only solve them by making ceaseless efforts through overall economic structural reform. In addition, we should enact a "law for progress in science and technology" so as to use the mighty force of our socialist legal system to provide an effective guarantee for our progress in science and technology and for the coordinated development of our science, technology, economy, and society.

Practice has also proved that training and respecting competent personnel is a key to the development of science and technology. In the final analysis, competition in science and technology is a contest of competency. At present, our country not only has the problem of a shortage of competent personnel, but more seriously the problem of failure to bring into full play the potential of the competent personnel we now have. This being the case, we must, on the one hand, implement the party and state policies on intellectuals; provide them with good working, studying, and living conditions; pay attention to giving full play to their role; and make further efforts to create, in the entire party and society the good practice of respecting knowledge and competent personnel. On the other hand, the broad masses of intellectuals, including scientists and technicians, should know the historical missions and social responsibilities they shoulder and have a good state of mind. Intellectuals in our country should carry forward the fine traditions of patriotism, job respect, realism, and dedication. The social value of intellectuals lies in their contributions to and creation for society. Modernization cannot be purchased, nor will it come after we have waited for a period of time. Once our intellectuals are tempering themselves, forging ahead, and striving unremittingly, the time will come when there is hope of vigorous development of the Chinese nation's science and technology.

Development of science and technology is a common cause of the entire party and the people throughout the country. The people throughout the country should enhance their consciousness of the importance of science and technology, grasp knowledge of science and technology, and take part in the practical application of science and technology. Science and technology, once grasped by the masses of the people, will become a mighty power to propel the development of our social productive forces. We firmly believe that with the unremitting efforts of a few generations, the Chinese nation

will surely win due respect and position in the great tide of the global science and technology revolution.

Laser Device Makes World-Class Achievements

*OW0305092591 Beijing XINHUA in English
0828 GMT 3 May 91*

[Text] Beijing, May 3 (XINHUA)—A Chinese laser device has produced what has been hailed as milestone experiment results in the study of laser nuclear fusion and studies of high-powered laser plasma.

A report in the leading Chinese newspaper, the "PEOPLE'S DAILY", revealed today that the experimental laser device has obtained high radiation temperatures in the "black hole target" and realized neutron output. This has been hailed as an achievement of "milestone significance" in the development of high-powered laser technology.

Claimed to be one of only a few in the world, the device was developed by the Shanghai Optical Precision Machinery Institute and put into operation three years ago. Nicknamed the "magic light", the device is made up of nearly 100 pieces of optical equipment. Through a dozen steps of amplification, the device can release a power as high as one billion kw in a fraction of a second. It can be used in the study of nuclear fusion.

Over the past three years it has shot more than 2,500 beams.

Research Helps Future Economic Development

*HK2704052791 Beijing CHINA DAILY in English
27 Apr 91 p 3*

[By staff reporter Wang Dongtai]

[Text] The largest research programme ever organized in China is nearing its end and officials said the results would greatly help in future economic and social development.

The research programme, which cost 5 billion yuan and involved 132,000 scientists, was designed by the State Planning Commission to solve important and urgent economic and social problems, said Wang Zhaoping, an official from the Science and Technology Department of the Commission.

Other programmes going on included one for high technology known as the 863 programme, and another, called Spark Plan, which aimed to bring appropriate techniques to the countryside.

Important research projects for the seventh Five-Year-Plan produced scientific results on more than 4,000 subjects in agriculture, energy, transportation, raw materials, machinery and electronics.

More results are expected to be reported to the State Planning Commission from this five-year programme from 1986 to 1990.

In agriculture, Wang said, great efforts have been made on new breeds and on turning low-yield farmland into high-yield.

In the research programme, scientists cultivated 277 new breeds of crops. Experts predicted that two or three of them might eventually be sown on two million hectares and 13 others over more than 660,000 hectares.

The new breeds include hybrid corn, rice and hybrid rice, wheat, potatoes, cotton, Chinese cabbage, tomatoes, cucumbers, green peppers and wild cabbage.

In exploring natural resources, priority was given to exploration for oil and natural gas.

For the first time in history, more than 800 technicians investigated Tarim Basin in Xinjiang Uygur Autonomous Region, and found seven oil and gas fields.

Natural gas has been found in the East Sea area and in Sichuan Basin.

There were 474 scientific results from geological theories to do with oil and gas exploration, Wang said. Some 48 of these reached the highest levels known in the world and 62 average world level.

In industrial technologies, China was trying to catch up with the world level of the 1980s.

More than 7,000 scientists and technicians together tackled a number of key technologies.

Special government grants were made for research into shovel-truck technology for open-pit mining, which has a yearly output potential of 10 million tons of ore. Other achievements in equipment production included thermal power generating units, heavy haul trains, iron and steel production, ethylene production, chemical fertilizer and gas and offshore oil equipment. Energy [subhead]

Energy, transportation and raw materials are the backbone industries of the country. But poor technology hindered the country's economic development.

New techniques therefore were developed for oil investigation and production, and coal combustion.

Railways are still the most important element in China's transportation system, and efforts have been made in recent years to develop electrically-powered passenger trains with a speed of 140 kilometres per hour.

Internal combustion-engined passenger trains capable of similar speeds have also been developed.

Machinery electronics also received great attention in the past few years. Two laboratory bases were established for micro-electronics research. These bases have become centres for the development of new products.

Technologies developed for the computer industry have made it possible to replace two-thirds of the computers usually imported from abroad by domestically-made computers.

Robots have been developed for spraying paint during the making of trucks.

Economic & Agricultural

State Council To Cut Prices of Overstocked Goods

OW3004155291 Beijing XINHUA in English
1440 GMT 30 Apr 91

[Text] Beijing, April 30 (XINHUA)—The State Council, China's highest governing body, has decided to cut the prices of commodities overstocked in state shops, co-operative shops, foreign trade departments and material supply departments.

The prices of these commodities will drop by a maximum of 30 percent, depending on the quality, variety and sources of the products.

The aim of the price reduction is to boost market supply, improve the existing stocking and credit structures, and speed up the circulation of funds.

It is estimated that the government will incur a loss of four billion yuan as a result of the price reduction.

However, color TV sets and commodities which are closely connected with the national economy and the people's daily lives will be exempted from price cuts.

Measures will be taken to prevent collaboration between shop clerks and profiteers, fraudulent practices and under-the-counter transactions in overstocked goods.

Funding for Light Industry Announced

HK3004053191 Beijing CHINA DAILY in English 30 Apr 91 p 2

[By staff reporter Chang Weimin]

[Text] Energy saving and high-tech products are among the 450 light industry projects which will receive financial support this year.

Settlement of the final list of candidates to receive funding will be made at a conference beginning on May 4 in Chongqing, Sichuan Province, by the Ministry of Light Industry.

The items also include products and techniques that would become key raw materials and know-how for the sector, China Daily told yesterday.

Two million yuan (\$380,000) of low- and non-interest loans have been made available to help start the development on the list, according to Wang Zhihua, a Ministry official.

"This is one of the steps the ministry is taking to encourage development of the products and technology needed in the country," said Wang.

The financial support will go to the developers after the conference, she said. More funds for the development are being pooled in other ways.

Developers covered by the list will also get support in policy, taxation, materials distribution and professional exchange.

The 450 items to be funded initially are only part of the ministry's plan to develop 15,000 new products this year.

Last year, the industry developed 9,000 new products, of which 478 items got direct financial help—totaling two million yuan (\$380,000)—from the ministry.

Of the 478 items, the techniques have already been adopted and the goods are under mass production. Only a couple failed, Wang said.

Support Assured for Loss-Making Coal Mines

HK0305040991 Beijing CHINA DAILY in English
3 May 91 p 2

[By staff reporter Huang Xiang]

[Text] The Chinese government is to bail out State-run coal mines which are in financial trouble.

Production quotas set by the State are to be lowered while the mines will be allowed to continue selling output above quota at higher prices than those set by the State, according to sources in the industry.

They said official output requirements from the deficit-ridden mines, under three State-owned mining corporations, were a bit smaller than in 1990, while declining to give figures.

"But the policy of allowing them to sell above-quota production at higher prices remains unchanged this year—to spur production and relieve some of their financial burden," said a source from China National Coal Corporation (CNCC), the largest of the three groups.

The mines together turned out 490 million tons of coal in 1990 as their share of the industry's record 1.08 billion tons output. But most of them have been losing money because of rising production costs, increasing stocks, and a bigger workforce.

All but one of CNCC'S 68 mining bureaux were driven into red in 1990. Initial estimates of the deficit suggest it may amount to 8 billion yuan for the full year, slowing normal operation in 1991 and threatening further growth.

Coal output within the State quota is sold at around 40 yuan per ton. Output above the quota can make anything between seven and 27 percent more than that.

All three of the State-run mining corporations have complained in the past about insufficient government investment and subsidy.

A senior official from the Northeast and Inner Mongolia Coal Corporation said that timely and adequate provision of government funding was a precondition for the corporation to meet the Five-Year Plan target.

The official said that he had got only half the funds needed for exploration in the next five years.

The corporation is required to push up production to an annual 155 million tons of coal by the end of 1995.

State Council Circular on Purchase Vouchers

*OW0205061691 Beijing XINHUA Domestic Service
in Chinese 1152 GMT 1 May 91*

[“Circular” issued by the State Council’s General Office “Prohibiting the Issuance and Use of Various Currency-Substituting Purchase Vouchers”]

[Text] Beijing, 1 May (XINHUA)—To the people’s governments of all provinces, autonomous regions, and municipalities; all ministries and commissions of the State Council; and all organs directly under the State Council:

It was recently discovered that some units in a small number of localities are issuing currency-substituting vouchers of a certain face value, such as purchase vouchers, credit vouchers, and gift vouchers to workers for the purchase of non-staple foodstuffs and sundry products at designated shops. Such behavior not only has affected the normal demand and supply of the market, disrupted financial order, avoided the state’s supervision over wages and rewards, and augmented the spending of consumption funds, but also has abetted irregularities in all trades and industries. The following circular is specially dispatched in accordance with the decision of the State Council:

1. No unit is allowed to issue and use the various types of currency-substituting vouchers. The use of any unredeemed purchase vouchers issued is to be suspended, and issuing units are to recall and destroy all unused vouchers immediately. All purchase voucher contracts or agreements signed with commercial units are to become null and void.

2. The people’s governments at all levels are to organize relevant departments to conduct an overall inspection into the situation concerning the issuance and use of purchase vouchers in their respective localities. Units issuing and using purchase vouchers are to be dealt with according to relevant regulations on finance, taxation, and financial management. In serious cases, investigations are to be conducted to affix the responsibility of relevant personnel in accordance with the law.

3. All localities must widely promote the guidelines of this circular, strengthen supervision and inspection, and resolutely prohibit the issuance and use of the various

currency-substituting purchase vouchers. Units that continue to establish currency-substituting voucher contracts, and to issue and use the various currency-substituting purchase vouchers are to be publicly and severely dealt with according to the law.

[Signed] State Council General Office
[Dated] 1 May 1991

Liu Guoguang Urges Prompt, Resolute Reform

*HK0305073691 Beijing JINGJI CANKAO BAO
in Chinese 31 Mar 91 p 4*

[Article excerpted from 14 March 1991 TEQU SHIBAO: “Liu Guoguang Says Prompt, Resolute Decisions Should Be Taken in Conducting Reforms”]

[Text] Last year, not only was China’s economic structural reform not suspended, but considerably great strides were made in many areas. However, last year was also a year from which profound reflection and serious conclusions should be drawn. Instead of making greater strides in reform last year, the actual progress of reform was not as satisfactory as expected. Owing to the overestimation of the rate of price increases at the end of 1989, no great steps were taken last year. Furthermore, owing to excessive concerns over recent stability, caution became a necessity. At the moment, the opportunity has not been totally lost, as the economic structural reform in China this year offers many opportunities, which may be concretely manifested as follows:

I. Following two years of economic improvement and rectification, middle- and superficial-level conflicts in economic life have eased visibly, but profound conflicts like structural imbalance, poor efficiency, and systematic distortion have yet to be resolved. Aside from deepening the reform, there are no other solutions to these profound conflicts;

II. The “Proposals” of the Seventh Plenary Session of the CPC Central Committee pointed out the direction for structural reform, making reform a great irreversible trend;

III. Last year, a basic equilibrium between supply and demand was achieved, a bumper harvest was reported in agriculture, residents’ savings grew steadily, the international balance of payments improved visibly, while politics and society were stable; all these facts have provided greater maneuvering room for the deepening of reform.

For this year’s reforms, the following problems should be given proper attention:

—Reform must be carried out promptly and resolutely; opportunities must not be allowed to pass. Given that opportunities are hard to come by, any slight hesitation will bring losses, hence promptness and resolution are needed to carry out reforms. Missing the opportunity for reform and overanxiety in carrying out reform are both mistakes of the same nature, with

losses caused by the former possibly greater and the consequences more serious.

—Stress the complementary and supplementary elements of reform. The financial, monetary, commodity price, planning, foreign trade, social security, and other departments should coordinate with one another and work together to promote progress.

—Adherence to the austerity policy in the short-term period should not be altered. Reforms carried out this year and in the future should be based on the principle of improving, and not aggravating the financial situation. In terms of reform measures, choices should focus on increasing financial revenues and reducing expenditures. It is absolutely impermissible to go back to the old way of delegating authority and allowing profit retention [fang quan rang li 2397 2938 6245 0448].

While it is unlikely that the economic structural reform this year will be launched comprehensively, the conditions and possibilities exist for the gradual expansion of reform in many areas. The best opportunity lies in the acceleration of the price reform where the bumper harvest in agriculture offers a favorable opportunity for reform of farm product prices, readjustment and loosening up of prices of some means of production, and narrowing of the gap between the "two tracks" concerning the means of production.

The pace of housing reform should be accelerated in order to reduce the state's financial subsidies, contribute to the withdrawal of currency from circulation, and lend an impetus to the development of many related trades and sectors. It may be said to kill two birds with one stone.

The reform of the social security and insurance system is also an urgent business. Stagnation in the reform of this system becomes the principal obstacle to the reform of other areas. Without a feasible system dealing with unemployment, poverty, old age, and medical insurance funds enterprises cannot declare bankruptcy, while structural readjustment and the improvement of economic results become empty words. Hence, reform of the social insurance system is a pressing task that brooks no delay.

The economic structural reform this year faces many unfavorable factors, such as a potential increase in inflationary pressures, a rise in the circulation of currency, and a deterioration of financial difficulties. However, by exerting relentless efforts a glorious page in the historic course of reform will be written for 1991.

New Shanghai Mayor Promotes Economic Reform

HK0205014691 Hong Kong SOUTH CHINA MORNING POST in English 2 May 91 p 11

[By Daniel Kwan]

[Text] An economic policy once associated with ousted Communist Party boss Mr Zhao Ziyang has been

revived, indicating fresh moves by reformers to bolster the beleaguered reform programme.

The policy, which encourages well-to-do producers to take over loss-making state-owned enterprises by forming conglomerates, was first tested under the auspices of Mr Zhao in 1988 when he was the party general-secretary.

The call coincided with the recent implementation of price and foreign trade reforms, which were also the brainchild of Mr Zhao in late 1987.

Yesterday, three senior government officials called for the revival of conglomerate experiment they described as the key to China's reform.

The new mayor of Shanghai, Mr Huang Ju, told the official journal, CHINA'S ECONOMIC STRUCTURE REFORM [ZHONGGUO JINGJI TIZHI GAIGE] the crux to China's economic dire straits was how to inject vitality to large- and medium-scale enterprises.

Mr Huang said the Government should give more incentives to enterprises which produce goods of strategic value and products of great demand to the consumers.

But Mr Huang, the successor of Mr Zhu Rongji stressed that any new measures must consider the adaptability of enterprises.

His views were backed by two vice-ministers of the State Commission for the Reform of Economic Structure, the economic thinktank through which Mr Zhao implemented his radical reform programmes.

Mr He Guanghui and Mr Zhang Yanning hailed the importance of the independent decision-making power of enterprises.

Mr Zhang also affirmed the significance of developing conglomerates.

He disclosed that the state had already chosen about 100 enterprises from the industry and transport sectors for experiment.

Mr Zhang indicated that conglomerates would be granted more autonomy in their investment in fixed assets.

Economist Stresses Government-Enterprise Relations

HK0305040491 Beijing JINGJI CANKAO CAO in Chinese 31 Mar 91 p 4

[Article excerpted by Wang Shuifu (3769 3055 4395) from 20 Jan YATAI JINGJI SHIBAO: "Tong Dalin Points Out That Government Should Establish New Relationship With Enterprises"]

[Text] The separation of the government from enterprises in the past was to counter the situation wherein the government directly interfered in enterprises' affairs and exercised too rigid a control over their operation. However, practice shows that economics and politics are

inseparable. In his book entitled *The World Economy in the 21st Century*, a French economist wrote that the world economy in the next century will be an order economy, in which politicians will remain as economic policy decisionmakers, while political power is still the essential difference between socialism and capitalism. Lenin once pointed out that all economic activities carried out under Soviet power were of a socialist nature.

During today's socialist economic construction, political power is a decisive factor, and economic activities cannot do without the participation of personnel from government departments. Therefore, it is necessary to comprehend the separation of the government from enterprises dialectically. A new relationship should be established between the government and enterprises, which can be reflected in the following two aspects: 1) Changes begin to show in the nature of enterprises. Township and town enterprises are no longer what they used to be because many of them have become enterprises at the county, prefecture, and township levels. These enterprises have established close and inseparable ties with local governments. 2) The functions of the government are undergoing some changes. In the past, it was the government that directly commanded and worked out mandatory plans for enterprises. Today, the relations between the government and enterprises are embodied mainly in the aspects of service and supervision. In the past, the emphasis on the separation of the government from enterprises was aimed at preventing the reaction of political power on enterprises. However, it seems today that the positive functions of political power on enterprises still need to be stressed. The government should have authority over economic activities.

Judging from enterprises' experience in overcoming the problem of sluggish sales, the cells of the economy are commodities, rather than enterprises. A German politician once said: "Germany should possess competitive new products if it is to survive in this world." Today, it has become a world trend to pursue new products, which can be regarded the lifeblood of enterprises.

Ma Hong on Improving Enterprise Efficiency

HK0105082291 Hong Kong WEN WEI PO in Chinese
21 Apr 91 p 3

[“Exclusive interview” by staff reporter Ho Ping (6320 1627): “Readjusting Structurally Irrational Prices: Ma Hong on Improving Enterprises’ Economic Efficiency”]

[Text] Shanghai 20 Apr (WEN WEI PO)—Ma Hong, director general of the State Council Economic, Technological, and Social Development Research Center, left Beijing for Shanghai to attend the founding ceremonies of the Shanghai Research Institute for Comprehensive Development just after the National People's Congress ended; he looked rather tired. This paper's reporter interviewed this famous economist at the Hengshan Guest House here in Shanghai, and Ma Hong aired his views on enterprises' economic efficiency.

Prices Are the Crux to Reform

Ma Hong believed that the focal point of enterprises' low economic efficiency is the rise in the cost of making goods, which increases the price. Therefore, economic efficiency decreases and consequently, financial revenues are cut back and a corresponding increase in deficits results. This being the case, the study on how to cut back the cost of manufacturing goods is very important. We have contradictions in this aspect, and price reform is precisely the crux to reform, and a very sensitive issue.

The question lies in marked irrational prices. Ma Hong pointed out that grain, coal, oil, and steel products are in shortest supply, but they have been fixed at very low prices. Consequently, on one hand departments turning out products in short supply have no way to develop themselves, with their initiatives for production waning; on the other hand, departments using products in short supply do not think of practicing economy because the products are cheap anyway. Irrational prices have resulted in long-term losses in China's power, coal, and oil industries, and even in all other trades. Therefore, the correct measure is to restructure irrational prices; otherwise, the rationalization of our operational mechanism will be out of the question. This means to raise and rationalize prices of these products.

Ma Hong continued, once prices for these products in short supply are raised, the production costs of enterprises using them will go up. The rise in production costs resulting from price reform is inevitable; it is the price reform must pay, as well as a requirement of the price policy. However, it is possible that enterprises will raise prices for their products even higher when the prices for products in short supply are raised; moreover, enterprises do not consider improving management to cut back losses, but rely on raising prices to increase their income. Thus, the losses incurred because of poor management have nothing whatever to do with price restructuring. This being the case, enterprises lowering their production costs is a very important issue.

Increased Production Costs Due to Poor Management

Enterprises are liable to stress difficulties from outside, but say very little about a rise in production costs because of their poor management. Should enterprises fail to improve their management, there is no way to resolve the problem of production costs pushing up prices.

Augmenting enterprise management means implementing the fixed production quotas system, including fixed quotas of personnel, raw materials, fuel, and labor. It is imperative to conduct cost accounting and augment accounting, auditing, and cost control. Ma Hong stressed, all this meticulous work must be done.

Ma Hong believed that enterprises being short of funds has something to do with their poor management, as well. Why should enterprises pay more interest? Chiefly

because of their overstocking of goods that are unmarketable because these manufactured goods are not in line with social needs. Old products have been manufactured for many years running, with the stocks piling up. Why has there been no progress in enterprise management after all these years, and why have some enterprises even retrogressed? Ma Hong said the causes are manifold, but a very important one is that responsible departments believe that in the wake of implementing the contracted responsibility system, enterprises will automatically improve their management; they have actually replaced administration with contracted responsibility.

Enterprises Have Assumed Responsibility for Profits Only, but Not for Losses

Ma Hong said that this has been a rather grave problem. Contracted responsibility is implemented at every level, and it was believed that everything would end well with the implementation of the contracted responsibility system. The contracted responsibility system involves assuming sole responsibility for profits and losses. In actual fact, today our enterprises assume sole responsibility only for profits and not for losses. The result of the contracted responsibility system is that enterprises assume sole responsibility for profits, but it is quite beyond them when losses are incurred. In the end, they continue to eat from the same big pot of the state. This is a very complicated issue. Eventually, a solution can be found only by conducting reform. Ma Hong cited the following example: Enterprises that have long suffered losses should go bankrupt according to insolvency laws, but none of our enterprises have gone bankrupt. Unemployment insurance remains inaccessible to date; the implementation of insolvency laws is out of the question before an all-encompassing system is established. This involves systematic reform, and the crux is to make enterprises genuinely assume sole responsibility for profits and losses.

The Contracted Responsibility Contents Must Be Completed and Perfected

Ma Hong analyzed the short-term behavior surfacing in enterprises in the wake of implementing the contracted responsibility system. He believed that aside from a too-short term for contracted responsibility, another cause not to be neglected is the incomplete and imperfect contents of the contracted responsibility system and the lack of relevant indexes of growth in fixed assets and compensation for wastage. The so-called short-term behavior means employing fixed assets beyond their load and their full employment [jin liang di shi yong 4147 6852 0966 0169 3938], while the contracted party pays no compensation for wastage nor bears responsibility for it. If these aspects are added, the contracted party must guarantee value preservation of relevant fixed assets, with appreciation, too. With indexes of value preservation and appreciation, short-term behavior can be prevented even though the term of contracted responsibility is shortened to a single year.

Guangdong Economy Highlighted; Ma Hong Cited

*HK2904154191 Beijing RENMIN RIBAO in Chinese
17 Apr 91 p 5*

[Article by staff reporter Ma Licheng (7456 4539 6134): "Medium-Scale Economy As Viewed From Guangdong's 'Four Little Tigers'"]

[Text]

Pay Attention to Medium-Scale Economy: An Economic Development Trend

In the 12 years since reform and opening up, the targets of total product of society, GNP, gross industrial and agricultural output value, and national income in Dongwan City, Zhongshan City, Nanhai County, and Shunde County—the economies of which developed at the quickest pace in Guangdong—increased at an annual average of 20 percent or more. Hence, the two cities and two counties are known as "Guangdong's four little tigers."

The "four little tigers" are located in the Zhujiang Delta. In their economic development, they share the common characteristics of: Making use of Hong Kong, Macao, and international capital, technology, and markets; comprehensive development of industry, agriculture, and commerce; and of vigorously developing an export-oriented economy. In addition, each has taken its own road. Dongwan City has developed processing for foreign businessmen on a large scale; Zhongshan's state-owned and city-owned enterprises have played the role of mainstay; the new emerging foreign exchange earning enterprises and the traditional animal husbandry and breeding industry in Nanhai have scored marked successes; and Shunde is known for its township industry.

On the road taken by the "four little tigers," Guangdong Vice Governor Zhang Gaoli stressed to this reporter the essential role of the medium-scale economy (referring to the large, medium-sized, and small key cities in Guangdong). He said: "After the party's line, principles, and policies are laid down, the key lies in giving full play to the role of the medium-scale economy, a pivot linking the macroeconomy to the microeconomy. A good job in the medium-scale economy will play an important role in the development of the economy as a whole. As the circumstances of all localities vary greatly, it depends on the innovations of the medium-scale economy, which can arouse the enthusiasm of various levels and unite the people toward one direction."

The economic development of the "four little tigers" is the result of local cadres and masses making the most of their favorable conditions, including some special conditions, and giving play to the initiative and creativity of the medium-scale economy. Total industrial and agricultural output value of the four cities and counties in 1990 was as follows: Dongwan, 6.83 billion yuan (calculated

according to 1980 fixed prices, similar hereafter); Zhongshan, 7.4 billion yuan; Nanhai, 5.8 billion yuan; and Shunde, 6.61 billion yuan; increasing their 1980 output value by eight times.

According to statistics, output value of the enterprises under the large, medium-sized, and small key cities in Guangdong accounts for around 70 percent of the province's total industrial output value.

This reporter recently interviewed Ma Hong, noted economist and director of the State Council's Development Center, on the question concerning medium-scale economy. Ma said that it is a good thing to report and study the development of medium-scale economy. The "Proposal" adopted by the Seventh Plenary Session of the 13th CPC Central Committee also insisted on regulation and control of the various layers of economy. Medium-scale economy is one of the layers which is closely integrated with the practice of economic activities. In the 1984 decision on restructuring the economy, the CPC Central Committee proposed gradually establishing open and inter-connected economic zones of various sizes with support from cities, large and medium-sized cities, in particular. Some small cities of the past have now developed and played such a role. This can be linked to the formulation of medium-scale economy. The range of the category of medium-scale economy can be discussed. It is a relative concept which itself is macroscopic as well as microscopic. To develop a medium-scale economy, we should take note of the overall situation.

Medium-Scale Economy: Reform Effect of Scale

The development of the "four little tigers" indicates that the medium-scale economy is a link that can enable the reform measures to attain remarkable effects. Compared with the macroeconomy, the economic zones promoted by large, medium-sized, and small key cities do not have great regional differences and imbalances. As a result, the design and introduction of reform schemes have encountered fewer setbacks and have turned out quick results. Compared with the microeconomic enterprises, the medium-scale economy includes various trades and different levels. Local laws and regulations can be regulated to spread the reform achievements and manifest its overall efficiency.

Zhongshan's enterprise structural reform is a convincing example of the regulative role played by the medium-scale economy. The city party committee and government took two steps from 1983 to reform the city's industrial structure. The first step was to classify 60 of the 90 enterprises under the city industrial bureau and light industrial bureau according to trades and specialties and establish a dozen special production companies. Meanwhile, they closed the industrial bureau, light industrial bureau, and other administrative leading organs. They then drew on foreign capital and advanced technology to transform and upgrade the enterprises under these companies. The second step was to merge

the factories and companies and form a group. Based on technical transformation, from 1987 to 1990 they merged enterprises and companies and established 10 large enterprise groups, called the "10 large fleet." "A large fleet makes shipping easier." The output value of the Weili Group totaled 400 million yuan in 1990, a 30-fold rise over 1980, quadrupling the figure for 1986, prior to technical transformation and to the establishment of the group.

Let us now look at the reform of post and telecommunications in Dongwan. When foreign businessmen entered Dongwan in the early 1980's, the villages and towns had only a small number of old telephone sets. Foreign businessmen took photographs, regarding them as antiques. Dongwan proposed a reform scheme and adopted the following measures to pool funds: Portions were to be allocated by the city government, the township government, collective enterprises, and the masses, respectively, with the remainder to be acquired through loan applications. From 1986 to 1990, they invested a total of 360 million yuan and developed 107,000 program-controlled telephones in three stages, an average of one telephone set for every 12 people.

Nanhai also attained marked efficiency in lifting the restrictions on the prices of farm and sideline produce and daily necessities beginning from 1980.

Medium-Scale Economy: The Role of Groups in Opening Up

Opening up to the outside world is the main characteristic of the economy of the "four little tigers." Instead of being limited to a few enterprises or trades, opening up refers to making full use of human resources and geographical conditions to exploit stretches of land, attract investment, import advanced technology in various fields, and develop exports. They should widen their field of vision and try to gain a foothold in the markets of all continents. Vividly speaking, geological superiority and the international market refer to a group rather than a point or line. In opening up to the outside world, it is necessary to give full play to the role of groups of the medium-scale economy. For this reason, they adopted a series of measures:

Implement policies concerning nationals living abroad. This is focused on implementing the policy on the residential houses of nationals residing abroad. Zhongshan City allocated around 200 million yuan to return houses in urban and rural areas which belong to nationals residing abroad.

Maintain close contacts with the compatriots and Overseas Chinese in Hong Kong and Macao, and offer information and consultative services.

Reform the administrative mechanism, improve administrative efficiency, straighten out and coordinate internal relations in light of the law of value and the requirements of competition, and establish a flexible and efficient reaction mechanism. When Yong Youhui, a

Hong Kong fan manufacturer, paid a trip to Shunde to visit his relatives in October 1986, he intended to set up an electric fan factory there. Only a year passed from the proposal, signing of contract, start construction to finished product. Yong Youhui said with excitement: "The speed in Shunde is even faster than that in Hong Kong!"

Make vigorous efforts to build the investment environment. Since reform and opening up, the "four little tigers" have mustered around 10 billion yuan through various domestic channels and used this sum to set up power plants, highways, ports, factory buildings, post and telecommunications offices, water supplies, and other facilities. The "four little tigers" also have attached great importance to building the "soft environment." First, they established an operating mechanism for the administrative management of projects in light of international standards. Second, they vigorously developed culture, education, and public health, and strengthened ideological education. Since reform and opening up, investment by the "four little tigers" in this regard has increased at an annual rate of 25 to 28 percent, higher than the annual growth of industrial and agricultural production.

Thanks to coordination of the medium-scale economy and its role, which has been brought into full play, the "four little tigers" have drawn in around \$2 billion in foreign investment. In 12 years, they have run a total of 8,649 processing enterprises and three-kind enterprises, and their earnings from exports in 1990 amounted to \$1.655 billion. The volume of exports of the four cities and counties accounted for around one-third of their total industrial and agricultural output value. The volume of their exports increased by more than 10-fold over 1978.

Comrade Ou Guangyuan, former secretary of the Shunde County CPC Committee and now secretary general of the Foshan City CPC Committee, said: "To develop a medium-scale economy, we should keep the country's overall situation in mind. During the Eighth Five-Year Plan, we will open wider to the outside world and strive to contribute more to the economy of the country and the province."

Zhuhai SEZ To Develop Wanshan Islands

OW2704145391 Beijing XINHUA in English
0802 GMT 27 Apr 91

[Text] Beijing, April 27 (XINHUA)—Zhuhai city, one of China's four pilot special economic zones [SEZ's] is introducing large amounts of foreign investment to develop the Wanshan Islands.

The Overseas Edition of the "PEOPLE'S DAILY" [RENMIN RIBAO] reported today that the effort on the part of local officials is aimed at building the Wanshan Islands, a traditional fishery zone, into a maritime based economic city.

The island chain consists of 76 islands scattered around Hong Kong, and covers an area of 3,200 square kilometers.

Local officials reported that the city has signed contracts with overseas businessmen involving investments of over 100 million U.S. dollars, and letters of intent valued at over 400 million U.S. dollars.

The officials added that Zhuhai city has also approved 28 joint ventures and co-operative projects to be located in the islands.

People's Construction Bank Issues New Bonds

HK0205032791 Beijing CHINA DAILY in English
2 May 91 p 2

[By staff reporter Zhang Yuan]

[Text] The People's Construction Bank of China began issuing financial bonds worth one billion yuan (\$192 million) yesterday in a bid to generate more funds to support the national economy.

It is the third time this month that a specialized bank has issued financial bonds. The first two were the Industrial and Commercial Bank of China and the Bank of China.

The latest move has brought the amount of bonds issued this year to 4.8 billion yuan (\$923 million).

The People's Construction Bank—a key money supplier to the country's construction industry—said there would be three kinds of bonds, worth 100 yuan, 500 yuan and 1,000 yuan.

They will have a term of two years with an annual interest rate of 9.2 percent—higher than same-term bank deposits.

The bonds can be sold at State-appointed bond dealing places and can also be mortgaged.

If needed, the bank will provide a service to manage and cash the bonds.

Agricultural Bank To Float Bonds

OW2704062591 Beijing XINHUA Domestic Service
in Chinese 0316 GMT 26 Apr 91

[Text] Beijing, 26 Apr (XINHUA)—With the People's Bank of China's approval, the Agricultural Bank of China will float 1 billion yuan worth of financial bonds in early May.

It is understood that the face value of the bonds will be 100 yuan, 500 yuan, and 1,000 yuan. With a period of validity ranging from 1 to 3 years, the bonds can be cashed after 1 year of flotation. The interest rates for the bonds will be higher than those for savings deposits during the same period, starting with 8.5 percent per annum for the first year and increasing to 9.2 percent per annum for the second year and 10 percent per annum for the third year. The bonds can be negotiated and mortgaged, and the Agricultural Bank of China can provide

custodial service. Proceeds derived from the bonds will be used for granting special loans to aid industrial and agricultural production.

First Quarter Industrial Production Up

HK2804035091 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 28 Apr 91 p 3

[Text] China's industrial output posted a sharp increase during the first three months of this year, providing fresh evidence of the steady development of the country's economy, according to a report released by the State Statistical Bureau.

Industrial output for the first quarter was 13.7 percent up on the same period of 1990 at 514.22 billion yuan (\$99 billion), the report said.

Of the total, light industrial output rose 15.9 percent to 255.53 billion yuan (\$48 billion), while heavy industrial output gained 11.6 percent to hit 258.69 billion yuan (\$49 billion).

In March, industrial output stood at 189.39 billion yuan (\$36 billion), an increase of 10 percent on the same month in 1990.

In the first quarter, State-owned enterprises generated 342.82 billion yuan (\$65 billion) worth of output value, up 9.6 percent, while collectively-owned enterprises contributed 141.57 billion yuan (\$27 billion), a 19.5 percent rise on the same period last year.

The report said rural township firms, which are classified as collectively-owned enterprises, chalked up a healthy 32.7 percent rise to 62.39 billion yuan (\$12 billion) in the quarter.

Private firms and foreign-funded enterprises, meanwhile, posted a hefty 42.8 percent increase to 29.83 billion yuan (\$5.7 billion).

Production of major consumer goods and industrial materials continued to grow in the first three months, the report said.

Output of television sets increased 9.5 percent to 6.78 million, with production of colour TV sets rising 56.8 percent to 2.88 million.

Production of household washing machines rose by 24.3 percent to 1.92 million, while output of refrigerators fell 7 percent to 946,000.

Yarn production moved up 5.5 percent to 1.13 million tons, while output of chemical fibre grew 5.2 percent to 447 million metres.

China turned out 1.27 million tons of beer in the quarter, an increase of 21 percent, while cigarette production rose 3 percent to 7.79 million cartons.

Production of steel advanced 6.1 percent to 16.63 million tons and output of rolled steel was up 4.2 percent to 12.9 million tons.

Cement production was up 23.5 percent to 46.11 million tons and motor vehicle production rose by 42.8 percent to 139,000 units.

Energy production was up a slight 0.1 percent at 230.35 million tons of standard coal in the first three months of this year.

Coal production dipped 0.4 percent to 233.47 million tons and crude oil output inched up 1 percent to 34.39 million tons.

Production of natural gas rose 3.1 percent to 385,800 cubic metres, while hydro-electricity production moved up 2 percent to 23.07 billion kilowatt hours.

Investment in capital construction by State-owned enterprises jumped 9.4 percent to 14.94 billion yuan (\$2.83 billion) in the first three months of this year, the statistics report said.

Money for central government projects accounted for 8.08 billion yuan (\$1.53 billion) of the total, up 4.7 percent, while funds for local projects were 6.86 billion (\$1.3 billion), up 15.5 percent.

Investment in production projects rose 9.3 percent to 11.47 billion yuan (\$2.17 billion), while investment in non-production projects gained 9.7 percent to 3.47 billion yuan (\$657 million).

The country's housebuilding industry spent 1.24 billion yuan (\$234 million), an increase of 11.6 percent.

China's transportation network, operating at full capacity, carried 404 million tons of cargo during the first two months of this year, an increase of 3 percent on the same period of 1990, according to the government report.

Railways carried 232 million tons, up 2.4 percent; motor vehicles transported 89 million tons, up 8.4 percent; waterways shipped 83 million tons, up 8.2 percent; and airlines flew 50,000 tons, up 23.2 percent.

The report said freight volume handled by the country's seaports reached 72 million tons during the first two months of the year, an increase of 12.4 percent on the same period last year.

Freight turnover handled by the country's transportation network for the first two months of this year reached 364.8 billion ton-kilometres, 6.3 percent more than in the same period last year.

Of the total, freight handled by railways reached 172.5 billion ton-kilometres, up 6.7 percent; by motor vehicle 5.6 billion ton-kilometres, up 7.3 percent; by waterways 186.55 billion ton-kilometres, up 6.1 percent; and by airlines 117 million ton-kilometres, up 37.6 percent.

The report said the transportation network carried 910 million travellers in the first two months of the year, an increase of 1.3 percent on the same period of 1990.

Railways carried 157 million people, down 1.3 percent; motor vehicles 721 million people, up 5.6 percent; waterways 30 million people, down 7.7 percent; and airlines 2.2 million people, up 39.9 percent.

Passenger turnover handled by the country's transportation network for the first two months reached 80.1 billion person-kilometres, 3.6 percent up on the same period of last year.

Social Demand Increases in First Quarter

OW2604160791 Beijing XINHUA in English
1550 GMT 26 Apr 91

[Text] Beijing, April 26 (XINHUA)—Recent statistics show that China's social demand rose in the first quarter of this year and was characterized by a steady increases in investments and wages.

The State Statistics Bureau released statistics showing that during the first quarter of 1991 the fixed assets of state owned enterprises and institutions increased by 10.3 percent over last year's same period.

The total workers' wages grew by 16.6 percent during the period and bonuses increased by 19 percent.

While bank loans were reduced during the period, outstanding bank loans reached over 1,529.5 billion yuan, an increase of 12.9 billion yuan over the 1990 ending figure.

The statistics show that loans to industry and commerce decreased, while loans to agriculture and capital construction increased.

Minorities Contribute to Economic Construction

OW0205141291 Beijing XINHUA Domestic Service
in Chinese 2021 GMT 30 Apr 91

[Text] Beijing, 1 May (XINHUA)—During the decade of reform and opening to the outside world, a growing number of our country's minority nationality workers have played an increasingly important role in economic construction, thus becoming major and vital forces in areas inhabited by minorities. They also are making outstanding contributions to enlivening the economy in nationalities areas.

According to our reporters in Xinjiang, Inner Mongolia, Guangxi, and Ningxia, with the industrial development and deepening of reform in China's five large autonomous regions, the contingent of minority nationality workers—including Mongolian, Tibetan, Zhuang, Uygur, and Hui—has developed constantly, and the number of staff members and workers of minority origin has increased rapidly. At present, the number of modern-minded minority nationality people stands at some 1.7

million. They play major roles on various fronts, including the oil, coal, chemical, machinery, electronics, and light industries.

On the Inner Mongolian prairie in northern border areas, increasing numbers of minority nationality herdsmen—including Mongolian, Ewenki, and Daur—who once wielded whips and gripped reins, now ride in modern steeds and have become capable contributors to modernized production. Currently, minority nationality staff members and workers in collectively owned plants and institutions in Inner Mongolia have increased to 488,000, out of which 351,000 are Mongolians. This rising new force has become a key backbone force in Inner Mongolia's modernization industrial production. When the Nei Mongol Autonomous Region was established, with the exception of a few workshops and small plants, no industry existed. After 40 years of construction, there are now some 7,000 industrial and mining enterprises, forming a comprehensive industrial system—including such industries as steel, coal, rare earth, machinery, electronics, electricity, national defense, forestry, chemical, building materials, petroleum, textile, leather, sugar-making, pharmaceuticals, foodstuffs, and goods for consumption by minority nationalities—capable of producing nearly 10,000 types of industrial products. Economic patterns dominated by cattle, horses, camels, and sheep have been consigned to history, and industry has been elevated to the front lines in economic activities on the Inner Mongolian prairie. In 1990, Inner Mongolia's total industrial production value was over 16 billion yuan, and total industrial production value accounted for 70 percent of gross production value of industry, agriculture, and animal husbandry. In 1990, Inner Mongolia's total industrial production value increased 140 times over that of 1950. Baotou City was once only a hub for the fur trade, but over several decades some 30,000 local minority nationality staff members and workers, together with their Han colleagues, have built it into a city of heavy industry, with some 1,000 industrial and mining enterprises.

The Xinjiang Uygur Autonomous Region, China's largest autonomous region, has seen its contingent of minority nationality workers increase from 189,000 in 1980 to over 490,000 in 1991. Reform and opening to the outside world have given minority nationality workers the opportunity to demonstrate their talents. Not only are they engaged in coal, petroleum, steel, textiles, trade, and other professions, they also play a major role in the realm of high-technology. Many people have become senior technicians and management personnel in enterprises. Hundreds and thousands of minority nationality women, including Uygurs and Kazakhs, have become technological backbone forces in hundreds of cotton- and wool-spinning mills.

Particularly worth mentioning is the growth in the numbers of minority nationality oil workers as oil resources have developed in Xinjiang. There are now 250,000 minority oil workers. They work hard in the Junggar, Tarim, Turpan, and Hami Basins, contributing to the

development of the motherland's oil production. Xinjiang's production of crude oil jumped from 3,905,800 tonnes in 1980 to 6,953,800 tonnes in 1990, making it the fourth largest oil field in China.

The Tibet plateau, which had virtually no modern industry and no industrial workers, now has a contingent of workers with Tibetan staff members and workers as the main body. Tibet now has light industry, electricity, mining, transportation, textile, machinery processing, building materials, chemical, food, and other modern industries. Entrepreneurs emerge from the ranks of workers whose farmer and herdsmen ancestors wielded whips and pushed plows for generations. Tibet's total industrial production value rose from 1.7 million yuan in 1956 to 200.35 million yuan in 1990, up 138 times. Last year, gross national product, national income, and total social commodity retail values reached 2.217 billion yuan, 1.742 billion yuan, and 1.5 billion yuan, respectively.

With over 700,000 minority workers, the Guangxi Zhuang Autonomous Region has the largest number and highest quality of minority nationality workers of the five autonomous regions. According to statistics, minority staff members and workers with junior high and senior high school

education account for 50 percent and 30 percent, respectively, of all minority nationality workers. Some staff members and workers also have college and secondary specialized educations. The total number of technicians reaches over 200,000. Guangxi's Dongjiang cotton-spinning mill has a staff of which minority workers represent 77 percent; 80 percent of its minority nationality staff members and workers have mid-level or higher technical skills. At the mill, 90 percent of production group leading jobs are held by minority staff members and workers. The Dongjiang cotton-spinning mill has gradually improved enterprise efficiency in recent years and its product quality now tops similar products in the region, thus effectively promoting the development of Guangxi's cotton spinning industry.

In the Ningxia Hui Autonomous Region, 76,000 Hui nationality staff members and workers not only give full play to Islamic food production; fur and leather processing; and the carpet, building, and textile industries; as well as other traditional nationality industries and trades, they also work closely with their Han colleagues to develop coal, electricity, nonferrous metallurgy, and other industries. They have gradually transformed energy and raw materials into Ningxia's pillar industries. The Ningxia Autonomous Region has quadrupled its total industrial production value over 10 years.

East Region

Anhui's Fu Xishou Attends Meeting on Religions

OW0105120091 Hefei ANHUI RIBAO in Chinese
24 Apr 91 p 1

[Text] A provincial meeting on religions was held in Hefei from 19 to 21 April. The meeting conveyed and studied the guidelines of the national meeting on religions and called on the party committees and governments at various levels to educate the vast number of party members and cadres on the Marxist concept of religion and the party's policy on religions in order to further improve provincial religious work and make it serve the stability and development of Anhui.

Provincial party and government leaders Fu Xishou, Yang Yongliang, Zheng Rui, Du Yijin, and Ma Leting attended the meeting. Also attending the meeting were more than 160 responsible comrades from relevant departments of the prefectural administrative offices, city and county governments, and departments directly under the provincial government. Yang Tongxiang, deputy director of the Religious Affairs Bureau of the State Council, made a special trip to attend the meeting.

The meeting held: Since the Third Plenary Session of the 11th CPC Central Committee, and especially after the issuance of Document No. 19 by the party Central Committee in 1982, religious work in our province has been good thanks to the leadership of party committees and governments at various levels. We have made progress in the implementation of various party policies on religions, strengthened the administration of religious affairs, upheld the policy of running religions independently on a self-reliant basis and the "three-self" principle, and developed international, friendly exchanges in religion.

The meeting pointed out: For some time to come, our basic tasks in religious work are to follow the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee, correctly and comprehensively implement the party's policies on religions, safeguard citizen's rights to freedom of religious beliefs, increase education on patriotism and socialism among the masses with religious beliefs and religious circles, mobilize their positive factors, support them in carrying out useful activities, consolidate and develop a patriotic united front with religious circles, administer religious affairs in compliance with the law, prevent and crack down on illegal activities under the cover of religions, and resolutely resist infiltration by hostile forces abroad in order to maintain stability, promote unity, and develop Anhui.

Xiamen To Strengthen Infrastructure Construction

OW0205020791 Beijing XINHUA in English
0131 GMT 2 May 91

[Text] Fuzhou, May 2 (XINHUA)—East China's Fujian Province has decided to strengthen infrastructure construction in the Xiamen Special Economic Zone, according to Jia Qinglin, acting governor of the province.

He said that the zone will be built as an export-oriented economic zone featuring developed industries and fruitful application of science and technology.

He pointed out that the province will put more stress on the construction of infrastructure facilities including railway, highway, energy, communications, port and airport projects.

The acting governor said that they will also pay more attention to transforming the existing enterprises to give them new vitality.

Jiang Chunyun Meets Inner Mongolia Observers

SK0205122991 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 1 May 91

[Text] The leading comrades of the provincial party committee, including Jiang Chunyun, Gao Changli, Ma Zhongcai, and Tan Fude, cordially received in the Nantiao Guesthouse on the evening of 30 April Zhang Dinghua, deputy secretary of the Inner Mongolia Autonomous Regional Party Committee, and Nai Deng, assistant to the chairman of the Inner Mongolia Autonomous Regional People's Government, who are making fact-finding tours in Shandong Province.

To enhance the training of party-member cadres from the units above the county level, to exchange experiences in reform and construction with Shandong Province, and to promote the establishment of lateral economic associations, the Inner Mongolia Autonomous Regional Party Committee and People's Government selected and dispatched 137 leading cadres from the units above the county level to make fact-finding tours in Shandong Province. These cadres have been assigned to the departments related to their work in the 10 cities and prefectures of Jinan, Qingdao, Yantai, Zibo, Weifang, Taian, Jining, Weihai, Linyi, and Heze. They will stay in the province to make fact-finding tours for two months.

During the reception, Jiang Chunyun, on behalf of the provincial party committee and the provincial people's government, expressed warm welcome for the visit and observation operation conducted by the Inner Mongolia comrades. Jiang Chunyun stated that the decision made by the Inner Mongolia Autonomous Regional Party Committee and People's Government to select many cadres to make fact-finding tours in Shandong Province, as well as its spirit in conducting reform, opening to the outside world, and actively exchanging experience with fraternal provinces and cities, are worth studying. Comrade Jiang Chunyun also stated that the fact-finding tours made by the Inner Mongolia comrades represent forceful encouragement to the province and particularly to the 10 cities and prefectures in their work. He hoped that the Inner Mongolia comrades, while making observation tours, could discern the good side of the province's work and also state their opinions on the province's shortcomings. Jiang Chunyun stated that many good experiences and methods gained by Inner Mongolia Autonomous Region are worth being used as a reference

by our province. He urged the Inner Mongolia comrades on their observation tours in the province to share their experiences with our province. Both Shandong Province and Inner Mongolia Autonomous Region are located in north China, have abundant natural resources, and the majority of their people are peasants. The people of both the province and the region are industrious, honest, and full of the spirit of doing solid work. Enhancing mutual exchanges to promote mutual cooperation represents the common desire of the province and the region. The visit and observation tours made by the Inner Mongolia comrades will play an active and promotive role in carrying out cooperation between the province and the region in the economic, technological, scientific, and cultural fields. He hoped that both the province and the region will continuously uphold the principles of benefiting each other, of supplementing each other in strong points, and of supporting each other so as to make still greater contributions to commonly making the province and the region achieve prosperity and development.

During the reception, Zhang Dinghua, deputy secretary of the Inner Mongolia Autonomous Regional Party Committee, expressed thanks for the fine conditions provided by Shandong Province for the fact-finding operation of the Inner Mongolia comrades. He stated that we will bring back Shandong Province's good experiences and integrate them with the region's reality so as to accelerate the pace of economic construction in the minority areas and to better conduct the region's work in the coming 10 years.

On the morning of 1 May, Gao Changli, deputy secretary of the provincial party committee, gave a briefing to the Inner Mongolia comrades on the province's basic situation and major work. (Yang Zhihai), director of the personnel allocation bureau under the organization department of the CPC Central Committee, also attended the briefing.

College Graduates in Great Demand in Shandong

*OW0105025591 Beijing XINHUA in English
0154 GMT 1 May 91*

[Text] Jinan, May 1 (XINHUA)—A total of 62,000 college graduates and post-graduates are needed in east China's Shandong Province, according to a recent job assignment meeting held in the province's Tai'an City.

Statistics show that the number of graduates this year only stands at 35,000 in the province, much less than what is needed.

The most wanted graduates are those majoring in marketing management, financial accounting, electronic information and marine affairs.

Zibo City, where 20 key projects will be built, needs 2,000 graduates this year.

Many enterprises intend to use more educated personnel to boost their economic efficiency.

Wu Bangguo Speech Marks May Day in Shanghai

*OW0205101191 Shanghai City Service in Mandarin
2200 GMT 30 Apr 91*

[From the "Morning News" program]

[Text] More than 1,000 representatives of various circles yesterday evening solemnly gathered at the Shanghai Acrobatics Theater to celebrate 1 May International Labor Day, the glorious festival of the working class and laboring people of the world.

Rong Yiren, vice chairman of the Standing Committee of the National People's Congress [NPC]; Su Buqing, vice chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC]; party, government, and army leaders in Shanghai including Wu Bangguo, Huang Ju, Chen Zhili, Ni Hongfu, Zhang Dinghong, Wang Liping, Chen Guodong, Ye Gongqi, Chen Tiedi, Liu Zhenyuan, Wang Daohan, Wang Xing, Chen Mingshan, Gu Nianzu, Shi Zhusan, Zhu Xiaochu, Huang Huang, (Zhao Xueming), (Song Zetun), (Zhang Jihe), and (Lu Linyuan); members of the Central Advisory Commission and veteran comrades including Hu Lijiao, Wang Yiping, (Zhou Ming) and (Zhang Jie), attended the meeting to celebrate the occasion.

At 7:30 p.m., Jiang Rong, chairman of the Shanghai Municipal Trade Union Council, declared the opening of the grand meeting. (Shi Shengyu), vice chairman of the Shanghai Municipal Trade Union Council, read a decision of the All-China Federation of Trade Unions on issuing 1 May labor medals and certificates of merit for 1991, and a namelist of those in Shanghai who have received medals or certificates. Afterwards, amid lively music, Rong Yiren, Su Buqing, Wu Bangguo, Huang Ju, and other leading comrades issued certificates of merit and medals to the Shanghai Ocean Shipping Corporation and six other enterprises, the Technical Service Center of Shanghai Refrigerator Plant, and seven other units, and engineer (Wang Shenglin) of the Shanghai Aircraft Manufacturing , and 50 another advanced individuals.

Wu Bangguo, secretary of the Shanghai Municipal CPC Committee, made an important speech at the meeting. He first extended cordial regards and festival greetings to workers, peasants, intellectuals and other laboring people in the municipality on behalf of the Shanghai Municipal CPC Committee and the Shanghai Municipal People's Government. He said: On the occasion of the glorious festival of 1 May, which symbolizes militant unity, we must more firmly implement the party's basic line of one center and two basic points, hold higher the banner of reform and opening the outside world, and create a good future for Shanghai along the road of building socialism with Chinese characteristics. In the face of the new situation and task of revitalizing Shanghai and developing Pudong, the working class in Shanghai must further carry forward the spirit of being the masters of the country and make new contributions to fulfilling Shanghai's strategic objectives in the 1990's.

3 May 1991

Wu Bangguo said: In order to accomplish the glorious tasks entrusted to us by the history, we must firmly bear in mind the fundamental guiding principle of wholeheartedly relying on the working class, give full play to the role of the working class as the main force, further liberate our thinking, be brave in creating new things, deepen reform and further open Shanghai to the outside world, find ways and means to invigorate state-run large and medium-sized enterprises, speed up the pace of building basic facilities for the city, pay special attention to grasping the building of socialist spiritual civilization, struggle hard for attaining various objectives of Shanghai's 10-Year Program and Eighth Five-Year Plan, and jointly write a new chapter in the history of revitalizing Shanghai.

Some professional and amateur artists gave wonderful theatrical performances at the meeting. A number of foreign guests, including consuls of various countries in Shanghai, were also invited to attend yesterday's meeting to celebrate 1 May.

Shanghai Mayor at Bridge Completion Ceremony

*OW0105114391 Shanghai City Service in Mandarin
0900 GMT 30 Apr 91*

[From the "News and Weather" program]

[Text] The municipal government held a ceremony this afternoon to mark the completion and opening to traffic of the Wusong Road Lock Bridge Project. This is the first key project completed by the municipality this year.

Today's ceremony was solemn and warm. Many residents gathered around the bridge to view the closing of the lock gate and the opening of the bridge to traffic.

Vice Mayor Ni Tianzeng presided over the ceremony.

On behalf of the municipal government, Mayor Huang Ju greeted the completion and opening to traffic of the Wusong Road Lock Bridge Project. He expressed heartfelt thanks to the state departments and foreign experts who had shown concern and support to the builders of the project.

He said: The Wusong Road Lock Bridge Project is the first important project completed this year, as well as the first of many practical things to be done this year. In building this project, the large number of builders were pressed for time and undertook very difficult tasks. After two years of hard work, they overcame difficulties and fulfilled the tasks as scheduled with good quality and assured quantity. They made contributions to the construction of flood-prevention and urban traffic projects in Shanghai.

Huang Ju noted: At present, the construction of large-scale infrastructure facilities has made traffic jams a serious problem. To solve this problem, on the one hand, the construction departments should conduct investigations and studies; make meticulous efforts in planning,

designing, organizing, and building; shorten construction time as much as possible; and reduce the inconveniences to the commuting public. On the other hand, it is necessary to step up propaganda; keep the public informed of the steps to be taken by the municipal government in reforming the traffic system so they will understand the difficulties of the projects and the ensuing traffic problems; and arouse the masses to make concerted efforts to overcome the temporary difficulties.

In conclusion, Huang Ju said: After the completion of the Wusong Road Lock Bridge Project, we will carry out the supporting project of widening Wusong Road and the comprehensive traffic reform project for Waitan. The (Zhongshan) Ring Road Elevated Highway Project will also begin soon. As long as we proceed step by step, and implement the measures one by one, Shanghai's traffic system will be successfully reformed.

Yang Zhenhuai, deputy head of the State Flood Control Headquarters and minister of water resources, said that the Wusong Road Lock Bridge Project was designed according to the standards for preventing rough tides that occur every seven years. It is an important component of the project for heightening and reinforcing flood prevention dikes in Shanghai. With the completion of this project, Shanghai can resist tidal waves from the Huangpu River, which are expected every seven years. The project will guarantee the safety of lives and properties of millions of residents living on the more than 50-km stretch of land along the Suzhou River during flood season. It will also ease the north-south traffic jams in the Waitan District and create a favorable condition for the development of Pudong.

At the ceremony, on behalf of the Ministry of Water Resources and the Shanghai Municipal Government, Wang Lin, former head of the Group for Comprehensive Harnessing of the Changjiang Estuary and the Taihu Lake Basin, issued the order to close the lock gate and let the traffic through the bridge.

Commentary Hails Conclusion of Two Sessions

*OW0105122291 Shanghai City Service in Mandarin
2200 GMT 29 Apr 91*

[Station commentary: "Pluck Up Our Spirits, Seize the Opportunity, and Create a New Situation in Shanghai's Socialist Modernization"; from the "Morning News" program]

[Text] Thanks to the efforts of the people's deputies and committee members, the two important meetings of the municipal people's congress and municipal CPPCC Committee have successfully concluded after completing all the items on their agenda. We would like to extend our heartfelt congratulations on the success of the two meetings. Being China's largest city and economic center, Shanghai plays an extremely important role in the nation's four modernizations. In the 1990s, Shanghai will be at the forefront of the nation's reform and opening to the outside world; the whole nation is watching Shanghai, so is the world. The two

sessions profoundly reviewed the achievements scored by Shanghai during the 1980s and clearly outlined the general strategic guidelines and strategic objectives of Shanghai's economic and social development in the coming five and 10 years. They are: Rejuvenating Shanghai, developing Pudong, serving the whole nation, and orienting its work to the needs of the world. The city should, in line with the requirements of the nation's 10-year Program and the Eighth Five-Year Plan, focus on improving economic returns, actively restructure its economy, strive to achieve the quadruplication of its gross output from the 1980 level, achieve a relatively affluent living standard, and work hard to build Shanghai into an export-oriented, multi-functional, highly civilized, modern, socialist, international city with a rational industrial structure and a high level of science and technology. The decision of the CPC Central Committee and State Council to develop the new Pudong District and open it to outside investment is a major event of strategic significance; it has also had a profound impact internationally. The project has created an historic opportunity for the rejuvenation of Shanghai. As some deputies pointed out: Now, it is up to us, the people of Shanghai, to go full steam ahead and make a huge success of it. The target has been clearly set, what should be done next is to mobilize the people across the city, pluck up their spirits, seize the opportunity, and create a new situation in Shanghai's socialist modernization.

The nineties is an historic period of utmost importance for Shanghai's rejuvenation. The tasks facing us are formidable yet glorious. People across the city should, under the leadership of the CPC Central Committee, State Council, and the Shanghai Municipal Party Committee and Government, work hard for the prosperity of the country, keep forging ahead with all their energy, and strive to fulfill the city's 10-year Program and the Eighth Five-Year Plan. We are convinced that by the year 2000, Shanghai will have undergone new changes and have made greater contributions to the state.

Solely Foreign-Funded Enterprises in Shanghai

*OW3004171491 Beijing XINHUA in English
1431 GMT 30 Apr 91*

[Text] Shanghai, April 30 (XINHUA)—The first quarter of this year saw 16 solely foreign-funded enterprises set up in Shanghai, bringing the total number of such enterprises here to 58.

These enterprises involve 298 million U.S. dollars, some 10 percent of the total foreign investment in the city.

Among them, 52 are engaged in industrial production, and the other six are involved in real estate.

Last year 30 solely foreign-funded enterprises were founded, while the number in the previous year was nine.

Officials from the Shanghai Foreign Investment Commission said that, after a dozen years of the city's opening to the outside world, foreign businessmen are getting familiar with the business environment in Shanghai.

Favorable regulations and policies, support from government departments and high-quality personnel are the factors persuading foreign businessmen to set up enterprises exclusively with foreign capital, they said.

Another reason for foreign investors to favor solely funded enterprises is that they can apply in these enterprises management methods, and production and technological standards identical with those of their parent companies. That makes their work more efficient, according to foreign investors.

Central-South Region

Guangdong Raises Rents, Cost of Housing

*HK0205024691 Beijing CHINA DAILY in English
2 May 91 p 2*

[By staff reporter]

[Text] Guangdong Province has increased rents and raised minimum house prices in a major adjustment to its housing reform programme.

The measures, which take effect immediately, replace the original housing reforms introduced by the provincial government two years ago and will provide guidelines for cities in Guangdong.

An official from the Construction Ministry, which is empowered to oversee the country's housing reform, told CHINA DAILY that the new programme was much more radical than the original.

Under the plan, the monthly rent per square metre living space will be raised by 0.15 yuan to 0.40 yuan.

Work units are also prohibited from issuing more subsidies.

However, even the new rents cannot match the actual cost, which is estimated at nearly two yuan per square metre throughout the country.

China began to reform its decades-old welfare housing distribution system in 1987, when the government found itself deep in the red.

It had invested billions of yuan in housing projects every year only to find out the nominal rents of about 0.10 yuan per square metre could not cover maintenance costs.

The Guangdong new housing programme, approved by the provincial government last month, has also raised the minimum house price because of the rapid increase in the cost of building materials.

An apartment will be sold at its actual expenditure calculated by the 1986 cost of building materials and workers' wages.

The prices of houses built after 1986 will be lifted by 2 percent each year, instead of the original 1 percent, according to the new programme.

The new programme also sees lower preferential discount rates of housing from 25 percent to 20 percent for urban residents who buy houses outright.

It has shortened by five years the time limit under which housing-buyers need to pay for houses by installments.

The Guangdong government made the decision in line with China's continuous lowerings of interest rates since 1990.

The new programme also introduces favourable house-buying discounts for revolutionary veterans who served in the Anti-Japanese War and Liberation War before 1949.

Hainan's Development in Past Three Years Noted

OW0205133691 Beijing XINHUA Domestic Service
in Chinese 0059 GMT 29 Apr 91

[By reporter Xia Kaixuan (1115 0418 2467)]

[Text] Haikou, 29 Apr (XINHUA)—Through reform and opening to the outside world, Hainan has displayed unprecedented vitality, and brought about remarkable social and economic development within a short period of three years.

Hainan took the lead in implementing organizational reform of its provincial departments. The 67 departments, committees, bureaus, and offices of the former Hainan Administrative District were streamlined into 27 newly formed provincial government departments; it introduced direct administration of the cities and counties by the province; and it turned a dozen or so specialized administrative bureaus and administrative corporations into business entities. In addition, the provincial government also emphasized changing its administrative functions and, by adopting a new financial and taxation system of "separating taxes and profits," increased the power of city and county authorities and enterprises to approve production and construction projects, reduced direct administrative intervention in the enterprises and market economic activities, and employed more economic and regulative measures in strengthening overall regulation and control.

Hainan has set up an initial form of a macroeconomic regulation and control structure that emphasizes indirect administration to facilitate the development of a market mechanism in the province. Over the past three years, Hainan has initially developed a market for various production factors by increasing the power of the cities, counties, and enterprises over pricing, reducing the proportion of planned prices in the "double-track pricing system," and other important measures. At present, the proportion of the 16 categories of major capital goods whose prices are regulated by the market has reached 72.8 percent; that of grains, pork, cooking oil, and other means of subsistence is expanding continually; and prices have gradually stabilized along with changes in supply and demand. The funding, labor, real

estate, and technology markets also are getting brisker, playing a positive role in attracting enterprises at home and abroad to invest here.

Three years ago, electricity and water supply in Hainan were frequently interrupted and the telephone lines were inadequate. During recent years, Hainan Province shifted, step by step, the priorities of its spending to public infrastructure and brought about noticeable changes to Hainan's investment environment. Currently, the province has an installed power generation capacity of 800,000 kilowatts; telephones in Haikou, Sanya, and Tongshi Cities are linked with the country's large and medium-sized cities and more than 100 countries and areas all over the world; the number of telephone sets in the provincial capital Haikou has also increased. Its communications facilities have also improved markedly.

The improvement of the investment climate in Hainan has attracted a large number of domestic and foreign investors. Statistics show that during the past three years, the province concluded 1,093 contracts on Chinese-foreign joint ventures, cooperative enterprises, and exclusively foreign-owned enterprises, and utilized \$322 million in paid-up foreign capital. The number of sole-proprietorship, joint-venture, and joint-stock enterprises financed by the inland has increased by 4,000. Private enterprises are also on the rise.

The elevation of Hainan as a province and its designation as a special zone have brought about a great development in Hainan's society and economy. Compared to 1987, the province's 1990 gross national product, national income, total output value of industry and agriculture, and revenue increased 27.4 percent, 24.5 percent, 29 percent, and 150 percent respectively.

Hou Zongbin Urges Red Flag Canal Spirit

HK0105114091 Zhengzhou Henan Provincial Service
in Mandarin 2200 GMT 27 Apr 91

[Text] A provincial conference to commend advanced units and individuals in the capital construction of farmland and water conservancy projects was held in Linxian County 27 April.

Provincial party committee Secretary Hou Zongbin; Governor Li Changchun; and provincial party, government, and military leaders Song Zhaosu, (Lu Guangqi), Hu Tiyun, (Li Ming), (Zhu Guangfa), (Liu Yujie), [words indistinct], and others were present. Also attending were (Yang Jun), adviser to the General Office of the State Council Leading Group for Economic Development in Poor Areas; (Zhou Baozhi), director of the Water Resources Ministry General Office; representatives of the Changjiang, Huanghe, and Huaihe Land Committees; representatives from various prefectures and cities across the province; and model workers involved in building the Red Flag Canal.

Vice Governor Song Zhaosu presided over the conference.

Before the conference began, a ceremony was held to unveil a monument to the Red Flag Canal inscribed by Li Xiannian, chairman of the National Chinese People's Political Consultative Conference, at the People's Square in Linxian County.

Provincial party committee Secretary Hou Zongbin and Governor Li Changchun unveiled the monument. [passage omitted]

Provincial party committee Secretary Hou Zongbin addressed the conference. He said: This year, General Secretary Jiang Zemin and Chairman Li Xiannian, a proletarian revolutionary of the older generation, have separately inscribed monuments to the Red Flag Canal and Jiao Yulu. Their inscriptions fully reflect the fact that central leaders cherish loving care and ardent expectations of Henan.

Hou Zongbin stressed: In the process of attaining the second-phase strategic goals and building socialism with Chinese characteristics, we must vigorously carry forward the spirit displayed in building the Red Flag Canal: Self-reliance; scoring achievements through strenuous efforts, unity and cooperation; and selfless devotion. It was because of this revolutionary spirit that the people of Linxian County spent 10 years building a canal on sheer precipices and overhanging rocks. In building such a sky-scraping artificial river after overcoming numerous unimaginable difficulties, the people of Linxian County created not only enormous material wealth but also valuable spiritual wealth for the people across the province. It is necessary to mobilize the broad ranks of party members and cadres in all fronts throughout the province to vigorously carry forward the spirit displayed by Jiao Yulu and the Linxian people in building the Red Flag Canal and encourage them to consciously win honor for the party, do solid things for the people, and contribute to rejuvenating Henan so that the two spirits will become a powerful motive force in our efforts to attain the second-step strategic goals and build up small-scale prosperity and gain enormous material wealth.

Meets Model Workers

HK0305004791 Zhengzhou Henan Provincial Service
in Mandarin 2200 GMT 29 Apr 91

[Excerpts] Our provincial capital, Zhengzhou, where flowers are in full blossom, welcomes more than 30 representatives of model workers and advanced figures from various parts of the province.

Yesterday morning, provincial party Secretary Hou Zongbin, provincial party Deputy Secretary Wu Jichuan, and Liu Guangxiang, member of the provincial CPC Committee Standing Committee and director of organization department, and others were among those representatives, shook hands with them, and extended to them their festival greetings. They also held a cordial discussion with them. [passage omitted]

During the discussion, provincial party Secretary Hou Zongbin hoped that trade union organizations at all levels in our province would extensively carry out activities of adding splendor to the party, doing practical work for the people, and contributing to the invigoration of Henan to give full play to the role of trade union organizations which serve as a bridge between the party and the masses. Trade union organizations should lead workers to uphold the four cardinal principles, actively complete various tasks in various periods, and do well the work with which the masses are deeply concerned, including houses, canteens, kindergartens, employment of their children, sparetime cultural life, and others. They should do well in promoting democratic management to give play to the initiative of the working class, which is the master of their own affairs. This will enable the working class to devote their main efforts to the great undertaking of invigorating Henan.

At the discussion, provincial party Deputy Secretary Wu Jichuan made a speech entitled "Working Class Should Undertake the Mission of Promoting Unity, Forging Ahead, and Invigorating Henan." After fully affirming the hard work and prominent contribution of the working class for stable political, economic and social development of the whole province, he said: According to various tasks contained in outline of the 10-Year Program and the Eighth Five-Year Plan for economic and social development of the whole province, we should implement a strategic plan of [words indistinct] and redoubling our GNP, and make our due contributions to our modernization. This is a glorious and arduous task facing the working class and the broad masses of people throughout the province. The working class of the whole province should give play to its role as the main force in socialist economic construction. Cadres, workers, and staff members in various enterprises should further enhance their concept on quality, variety, and efficiency to take an active part in the quality, variety, and efficiency year activities. They should extensively carry out various activities beneficial to the development of their enterprises, including double increase and double economy, labor emulation, and making proposals for rationalization, and so on, around the task of adjusting product mix, so that enterprises of the whole province will gradually embark on the path of stable development to promote a benign circle of quality and efficiency.

Wu Jichuan continued: In our socialist modernization, the working class has always been the most important social force for stabilizing the general situation. Working class of the whole province should become a model for maintaining stability of the general situation. With its own breadth of mind, it should correctly treat the problem of readjustment under the situation of reform and opening up. Workers should conscientiously subordinate their individual interests to the overall interests of the state and the people. Partial interests should be subordinated to the overall interests, and immediate interests should be subordinated to the long-term interests. They should unite with all people

who can be united. In particular, they should conscientiously promote unity inside the working class itself. Industrial workers, intellectuals, managers, and administrators should develop a concept of the working class of attaching importance to overall interests. Through strengthening the building of socialist spiritual civilization, we should carry forward and propagate the outstanding work style of the working class characterized by selflessness, unity, cooperation, and strict observance of discipline. This will enable the working class of the whole province to constantly transform their subjective world in the practice of promoting unity, forging ahead, and invigorating Henan, and to train themselves into a class contingent which has ideals of the advanced class, socialist morals, knowledge on modern science and technology, and especially powerful combat effectiveness. This will promote the development of various undertakings in the whole province and comprehensive progress of the society.

Guan Guangfu Attends Family Planning Meeting

HK0105125491 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 28 Apr 91

[Excerpts] The Hubei Provincial CPC Committee held a Standing Committee meeting yesterday to relay and implement the spirit of a family planning forum held recently by the party Central Committee and the State Council and to analyze Hubei's population situation.

The meeting emphatically called for strengthening leadership, strictly enforcing family planning policies, creating favorable conditions, and adopting forceful measures to slow down Hubei's excessive population growth.

Guan Guangfu, Guo Shuyan, Qian Yunlu, Tian Qiyu, Zhong Shuqiao, Li Daqiang, and others attended yesterday's meeting.

Party and government responsible persons of relevant prefectures, cities, autonomous prefectures, and departments directly under the provincial authorities also attended yesterday's meeting as guests.

Provincial party committee Secretary Guan Guangfu presided over the meeting.

The meeting relayed the spirit of a CPC Central Committee's Political Bureau Standing Committee meeting and the family planning forum held recently by the CPC Central Committee and the State Council.

(Guo Demin), provincial family planning commission director, reported the situation concerning our provincial population plan implementation during the Seventh Five-Year Plan, the blueprint of our provincial population plan for the Eighth Five-Year Plan and our province's 10-Year Population Program, and questions concerning our present work in this connection.

During the Seventh Five-Year Plan, party committees and governments at all levels did a lot of work and achieved marked results in implementing the population plan. Nevertheless, due to various reasons, our province

is still facing a rigorous population situation at present. Statistics show that during the Seventh Five-Year Plan, our province's natural population reached 4.31 million, 1.78 million more than the originally planned figure; our province's annual natural population growth rate reached 16.2 per thousand, 5.2 per thousand more than the originally planned figure; our province's population birth rate and natural growth rate were both higher than the national average. [passage omitted]

The provincial party committee's Standing Committee meeting stressed: Party committees and governments at all levels across the province must fully understand our province's rigorous population situation; conscientiously carry out family planning, which is our basic national policy; resolutely change the passive family planning situation in certain areas; and make plans to limit our province's total population to 61.3 million or less and our province's annual natural population growth rate to 12.03 per thousand by the end of the year 2000.

On the basis of conscientiously studying and understanding the relevant central authority spirit and analyzing Hubei's population situation, the Standing Committee studied both long-term countermeasures and short-term measures. The short-term measures include:

1. To strengthen leadership over family planning work; [passage omitted]
2. To create the necessary conditions for family planning work departments with a view to transforming family planning from shock work into regular work; [passage omitted]
3. To strictly implement a family planning quota-related responsibility system; [passage omitted]
4. To continue to implement the family planning-related one-veto system; [passage omitted]
5. To unfold a provincewide general family planning policy examination and an in-depth policy education among cadres and masses in the foreseeable future; [passage omitted]
6. The provincial party committee will print and distribute its decision on further strengthening family planning work and send an open letter to all the party and Communist Youth League (CYL) members in order to mobilize the whole party and the whole people to join hands in strengthening Hubei's family planning work.

At Congress Close

HK0205062391 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 28 Apr 91

[Excerpts] After adopting various resolutions, the Fourth Session of the Seventh Hubei Provincial People's Congress successfully concluded this morning.

At 9:00, the session and its presidium's executive chairmen, including Huang Zhizhen, Shi Chuan, Tian Ying, Tao Shuzeng, Wang Hanzhang, Wang Zhizhuo, Wang Ruisheng,

Li Haizhong, Huang Zhengxia, Liang Shufen, Wang Libin, Xiao Quantao, took front-row seats at the rostrum.

Guan Gungfu, Guo Shuyan, Chen Ming, Shen Yinluo, Qian Yunlu, Tian Qiuy, Zhong Shuqiao, Li Daqiang, Wang Shen, and other members of the presidium were also seated at the rostrum.

The closing session was presided over by Chairman and Executive Chairman Huang Zhizhen. [passage omitted]

The session decided to adopt the Outline of Hubei Province's 10-year Economic and Social Development Program and Eighth Five-year Plan as well as provincial Governor Guo Shuyan's report.

The session called on people's governments at all levels across the province to continue to adhere to economic construction as the center and carry out economic work in a down-to-earth manner. It stressed: The whole province must unwaveringly implement and carry out the principle of simultaneously promoting two-civilization building, further deepen economic structural reform, and expedite the pace of opening up to the outside world.

The session called on people of all nationalities across the province to take immediate action, actively throw themselves into Hubei's construction and reform practice, brace up, unite as one, quietly immerse themselves in hard work, and strive, under the leadership of the Hubei Provincial CPC Committee, to comprehensively fulfill the grand goals listed in the Outline and enable Hubei to rise in Central China. [passage omitted]

With a show of hands, the deputies voted and adopted the Outline, a resolution on the Outline report, a resolution on the 1990 Hubei provincial economic and social development plan implementation and the 1991 Hubei provincial economic and social development plan, a resolution on the 1990 Hubei provincial estimates implementation and the 1991 Hubei provincial estimates, a resolution on the Hubei Provincial People's Congress Standing Committee work report, a resolution on the Hubei provincial higher people's court work report, and a resolution on the Hubei provincial people's procuratorate work report. [passage omitted]

Addresses May Day Meeting

*HK0105124891 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 29 Apr 91*

[Excerpts] This morning, a meeting hall located on the fourth floor of Hubei Hotel was richly decorated with lanterns, colored streamers, and bouquets of flowers and silks. It was filled with a warm atmosphere. Provincial party, government, and military leaders; representatives of model workers from all fronts; and representatives of the winners of the 1 May Labor Certificates of Merit and 1 May Labor Medals happily got together to solemnly celebrate the 105th anniversary of 1 May International Labor Day and commend model workers.

Leaders from provincial CPC Committee, Advisory Commission, People's Congress, government, Chinese People's Consultative Conference [CPPCC], Discipline Inspection Commission, and Military District who attended the meeting included Guan Guangfu, Guo Shuyan, Chen Ming, Li Daqiang, Wang Shen, Wang Hanzhang, Xu Penghang, Han Wenqing, (Wang Chongwen), and Zhang Hongxiang, provincial CPC Committee secretary general. [passage omitted]

Provincial party Secretary Guan Guangfu made an important speech at the meeting. He said:

[Begin recording] On behalf of the provincial CPC Committee and government, I warmly congratulate those model workers who are commended at the meeting, and those winners of the 1 May Labor Certificates of Merits and 1 May Labor Medals, and extend my highest regards to them. I also extend my festival greetings and warmhearted solicitude to the broad masses of workers, peasants, intellectuals, and all laboring people who have made contributions, and have been working selflessly for the national economic and social development in our province. Today's meeting has once again proven incontrovertibly that under the socialist system there are millions upon millions of advanced figures who are laboring selflessly at their own respective posts, and working in a creative manner. They are playing their role as locomotives of history. Those advanced figures and units should, of course, be commended by the party and government. We should popularize their good thinking and work style in the whole society. If we can do so, there will be nothing unconquerable before us. The provincial CPC Committee and government call on cadres and masses of the whole province to learn from our model workers and carry forward their spirit on the vast land of Hubei. [end recording]

Guan Guangfu continued:

[Begin recording] The coming 10 years are a crucial period in our country's socialist modernization which concerns the Chinese nation's future and destiny. Working class should be fully aware of their status and role in the country. They should regard as their historical mission the implementation of the spirit of the 13th CPC Central Committee's Seventh Plenary Session, and the fulfillment of the second stage's strategic targets. They should further get mobilized, unite as one, firmly take economic construction as a center, uphold the four cardinal principles, persist in reform and opening up, and become the backbone of the building of the two civilizations. They should contribute to the completion of the 10-Year Program and the Eight Five-Year Plan. [end recording]

The meeting closed amid the song "We Workers Have Boundless Power."

Xiong Qingquan Attends Hunan CPPCC Close HK0105105091 Changsha Hunan Provincial Service in Mandarin 2200 GMT 27 Apr 91

[Excerpts] The 10-day Fourth Session of the Sixth Hunan Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] successfully concluded in Changsha on the afternoon of 27 April after satisfactorily fulfilling its agenda.

At 15:00, provincial CPPCC Committee Chairman Liu Zheng and Vice Chairmen Yin Changmin, Zhou Zheng, Tong Ying, Xu Junhu, Chen Xiaochan, Liu Guoan, He Shaoxun, Zhang Deren, and Han Ming happily arrived at the rostrum and took seats in the front row.

Provincial party, government, and military responsible comrades: including Xiong Qingquan, Chen Bangzhu, Sun Wensheng, (Yang Zhengwu), Liu Fusheng, Dong Zhiwen, (Wang Zhiguo), (Zhao Chuqi), Huang Daoqi, Li Tiangeng, Luo Qiuyue, Chen Xinmin, Xie Xinying, Cao Wenju, Liu Yue, Wu Yunchang, (Chu Bo), (Xiao Qiuru), (Lu Huiyun), and (Lu Haifan), went to the rostrum with a smile on their faces to extend congratulations to the session's successful conclusion. [passage omitted]

The closing ceremony was chaired by Executive Chairmen Zhou Zheng and Chen Xiaochan and attended by 567 members. [passage omitted]

After going through the voting procedures, the session approved 70-year-old Comrade Liu Guoan's resignation as provincial CPPCC Committee vice chairman, Standing Committee member, and member; Comrade (Li Yanxu's) resignation as provincial CPPCC Committee secretary general, Standing Committee member, and member, as a result of his job transfer; and Comrade (Li Zunbao's) resignation as provincial CPPCC Committee Standing Committee member because of his decision to settle in Sichuan after retirement.

The session elected Comrades Zhuo Kangning, (Deng Youzhi), (Long Yuxian), and (Yang Zhongxu) as provincial CPPCC Committee vice chairmen; Zhuo Kangning concurrently as provincial CPPCC Committee secretary general; and (Li Peide), (Zhou Shiyi), and (Jiang Citeng) as provincial CPPCC Committee Standing Committee members.

The session listened to the Motions Examination Committee's Report on Examination of Motions Advanced at the Sixth Provincial CPPCC Committee's Fourth Session, adopted the Sixth Provincial CPPCC Committee's Fourth Session Resolution on the Standing Committee Work Report, and adopted the Political Resolution of Sixth Hunan Provincial CPPCC Committee's Fourth Session.

After the session had adopted various resolutions, Chairman Liu Zheng gave a speech. [passage omitted] He expressed a three-point hope on CPPCC committees at all levels as well as the broad masses of CPPCC members throughout the province:

1. To earnestly strengthen study and open up new trains of thought for reform and opening up;

2. To adhere to the principle of discussing major issues, putting forward sincere views and good proposals, and doing realistic things, improve consultation and supervision quality, and increase actual results of discussion of and participation in state and political affairs;

3. To have the cardinal principles in mind and take the overall situation into account, strengthen unity and cooperation among all parties concerned, and create a fine social environment for pushing ahead with reform, opening up, and modernization building. [passage omitted]

At 17:00, the session successfully concluded to the National Anthem.

Southwest Region

Guizhou Government Vows To Ban Drug Trafficking HK0105121891 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 28 Apr 91

[Text] The provincial government called a meeting on banning narcotics 26-28 April and openly destroyed some narcotics, including opium and heroin, thus revealing to the public the great harmfulness of drug trafficking.

Governments and police all over the world have made narcotics, such as opium and heroin which do much harm to the human body, key targets for attack. For the last few years, an increasing number of people have been found guilty of drug trafficking or taking. Taking effective measures, Guizhou's public security organs have cracked many drug cases, seized a lot of drugs, and arrested a number of criminals involved, dealing a heavy blow to the criminal activities.

However, with the international drug trafficking developing in depth and range, a number of lawless persons, seeking exorbitant profits, were trying to make Guizhou a transit channel and a transfer center for drug trafficking. They were colluding with foreign drug traffickers and indulging in unbridled trafficking in drugs.

In view of this situation, the provincial government decided to hold a provincial conference on banning narcotics to call on all localities to conscientiously implement the spirit of relevant central documents and resolutions against drugs adopted by the National People's Congress Standing Committee. The meeting also studied specific measures against drug trafficking for the next stage.

Vice Governor Zhang Yuqin stressed at the conference: All levels of governments and departments concerned must strengthen leadership over the drive against narcotics, set up special organs and professional contingents against narcotics as soon as possible, and take effective

measures to block up the channels for drug trafficking, cut off the drug supply, and round up the criminals involved in one fell swoop.

Yesterday morning, the provincial public security organ publicly destroyed 100 kg of opium and 30 kg of heroin at the Guiyang (Liuwangmen) Sports Ground, publicized the state laws against narcotics and the provincial government's determination to crack down on drug trafficking, and called on the public to continue to inform against drug traffickers and drug addicts and struggle against them.

Sichuan Secretary Urges Serving Intellectuals

HK0105111091 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 27 Apr 91

[Excerpt] At a naming and opening ceremony of the Senior Intellectuals Ward in the Third Provincial People's Hospital held yesterday, provincial party committee Secretary Yang Rudai said: Located in the interior, Sichuan has a big population and an underdeveloped commodity economy. To promote development of productive forces and comprehensive social progress, all levels of party committees and governments must mobilize workers, peasants, and intellectuals to work hard. In particular, we must bring the intellectuals' role into full play.

He continued: In his recent inspection tour of Sichuan, Comrade Jiang Zemin fully reaffirmed the Sichuan's achievements in reform and opening up to the outside world. He emphasized that science and technology plays a key role in and provides a guarantee for attaining the second-step strategic goals. He called on all party members, leading cadres at all levels in particular, to get a deep understanding of the importance of science and technology, which, in the Marxist point of view, constitutes a primary productive force. Only when we make determined efforts to promote scientific and technological progress and increase social productive forces can we show the socialist system's superiority.

Comrade Yang Rudai pointed out: Since the 11th CPC Central Committee's Third Plenary Session, all levels of party committees and governments throughout the province have done a large amount of work in improving working and living conditions for intellectuals and made certain achievements. The broad ranks of intellectuals have begun to have a favorable environment to give scope to their talent. However, many outstanding problems which are crying for solution remain unsettled. The central circular on further strengthening and improving the work for intellectuals stresses that we must be conscientious and have the job well done out of our sense of responsibility. Within the limits permitted by their strength, all levels of party committees and governments should solve practical difficulties for intellectuals every year. It is necessary to take a firm and effective grasp of the work. We renamed the provincial Caotang Cadre Sanatorium as The Third People's Hospital and ran a ward for senior intellectuals in the hospital. This is a solid and good thing done for intellectuals throughout

the province, which expresses our pragmatic work style in carrying out policies toward intellectuals. [passage omitted]

Tibet Regional People's Congress Opens

OW0105091891 Lhasa Tibet Television Network in Mandarin 1200 GMT 27 Apr 91

[From the "Tibet News" program]

[Text] The Fourth Session of the Fifth Tibet Regional People's Congress opened solemnly at the People's Hall at 1000 on 27 April. [Video opens with a view of the session in progress, followed by a closeup shot of Gyaincain Norbu delivering a report at his seat on the rostrum; camera occasionally pans the meeting hall to show other deputies in attendance] The session will examine the outline of the region's Ten-Year Program and Eighth Five-Year Plan for National Economic and Social Development. Gyaincain Norbu, chairman of the regional people's government, delivered a report on the outline. He comprehensively reviewed the main achievements and experience of our region during the last 10 years of reform and opening to the outside world and set forth the main targets for the next decade:

To increase by 2000 the GNP, national income, and the total industrial and agricultural output value to 3.9, 2.96, and 1.78 billion yuan respectively; the local revenue, to 210 million yuan.

In 10 years the investment in fixed assets of units owned by the whole people is expected to reach 8.7 billion yuan; of this, 560 million yuan will be invested in technical transformation.

Vigorously to develop education, promote advances in science and technology, readjust the economic structure, ensure construction of key projects, build a foundation for a relatively quicker pace of economic development in the early part of the 21st century, strengthen the capacity for future development, vigorously develop the planned socialist commodity economy, gradually build an economic system and an operating mechanism that integrates planning with market regulation, steadily solve the problem of inadequate food and clothing for the masses, enable part of the people to lead a relatively comfortable standard of living, vigorously develop social undertakings, improve socialist democracy and the legal system, strengthen ideological-political education, and upgrade building a socialist spiritual civilization to a new level.

A total of 457 deputies should have attended the current session. However, as 110 deputies took leaves of absence due to illness or other matters, only 346 deputies attended the session, which constituted a quorum at the session.

The 346 attending deputies warmly applauded the development blueprint for the region during the last 10 years of this century set forth by the regional people's government. In the next 10 days or so, the deputies will examine earnestly the blueprint and will decide on how to attain the targets mapped out in it.

Pagbalha Geleg Namgyai, executive chairman of the congress and executive member of the presidium, declared the opening of the Fourth Session of the Fifth Tibet Autonomous Regional People's Congress amid the solemn strains of the national anthem.

Other executive members of the presidium seated in the front row with Pagbalha Geleg Namgyai were Sengqen Lozong Gyaincain, Pudoje, Lang Je, Jangzhong Zhaxi Doje, Wang Guangxi, Hu Songjie; party, government, and military leaders of the autonomous region, including Rайди, (Zhang Xuezong), Mao Rubai, Danzim, Zi Cheng, Chen Hanchang, Puqung, Gyamco, Gying Puncog Cedain, Tudao Doje, Gong Daxi, (Laba Pingguo), Zheng Ying, Lhamin Soinam Lhunzhub, Lhalu Cewang Doje, Huokang Suolang Bianba, Tangmai Gongjue Baimu, Gonbasar Tubdanjigzha, Qaba Gaisang Wangdui, Cedain Zhoma, Duoijizha Jiangbailuosang, Wang Hailin, Geng Quanli, and (Wang Haiqing).

Yang Youcai, chief procurator of the regional people's procuratorate, was also seated among the executive members of the presidium on the rostrum.

Attending the first enlarged meeting of the Fourth Session of the fifth regional people's congress as observers were Tibet regional deputies who attended the National People's Congress, members who are attending the fourth session of the fifth regional committee of the Chinese People's Political Consultative Conference, and responsible comrades of various departments and commissions directly under the regional government, universities and secondary vocational schools, as well as responsible comrades of various prefectural, city, and county people's congresses.

The full text of the report made by Gyaincain Norbu at the meeting on behalf of the regional people's government falls into three parts: 1. A review of the 10 years of reform and opening to the outside world; 2. Outline of the 10-year Program and the Eighth Five-year Plan for economic and social development in the region; and 3. Creating a good social environment and striving to fulfill the 10-year Program and the Eighth Five-year Plan.

In his report, Gyaincain Norbu laid special emphasis on the basic guiding principles for economic and social development in the next 10 years. After expounding all the basic economic indicators for the Eighth Five-year Plan, he said: In order to fulfill the targets and tasks of the Eighth Five-year Plan, it is imperative to adopt correct policies and effective measures. He explained these policies and measures in the following 10 areas:

1. Vigorously develop agriculture and animal husbandry to further invigorate the economy in farming and pastoral areas; 2. Step up the construction of infrastructure facilities to increase the power for sustained economic development; 3. Vigorously develop local industries to constantly increase economic strength; 4. Vigorously develop education and science to raise the nation's quality in culture and science; 5. Stimulate commodity circulation and stabilize commodity prices in the

- market; 6. Vigorously open up new financial sources and curtail expenses to achieve a higher level of self-development; 7. Deepen reform of the economic system to acquire greater economic vigor; 8. Persist in opening up to the outside world and expanding exchanges and cooperation with foreign countries; 9. Improve the people's living standards and perfect the system of social security; 10. Continue to step up construction of all projects of public interest and strive to promote social progress.

Touching on the question of creating a good social environment for fulfilling the 10-year Program and the Eighth Five-year Plan, Gyaincain Norbu said: We should intensify the struggle against separatism, develop political stability and unity, strengthen political and ideological work, promote the development of spiritual civilization, further perfect the system of regional autonomy by nationalities, implement the party's policy toward religion in its entirety, promote the campaign to build a clean government, and foster closer flesh-and-blood ties with the masses.

In conclusion, Gyaincain Norbu said: The year 1991 is the first year for implementing the 10-year Program and the Eighth Five-year Plan, as well as one for improving the economic environment, rectifying the economic order, and deepening reform. Success in this year's work is of great significance. Government organs at all levels and all government functionaries, leading cadres at all levels in particular, should conscientiously perform their official duties and be faithful, energetic, and honest in working for the public interest in order to perform their work in all fields better. The people of all nationalities throughout the region should rally more closely around the Party Central Committee with Comrade Jiang Zemin at the core, work with one heart and one mind, strive for improvement, and work hard to fulfill the 10-year Program and the Eighth Five-year Plan for economic and social development in our region.

The report on the Outline of the 10-year Program and the Eighth Five-year Plan for economic and social development for the Tibetan Autonomous Region made by Chairman Gyaincain Norbu drew warm applause from all participants at the meeting. [Video ends with closeup of Gyaincain Norbu speaking at the lectern]

Tibet Holds Meeting on Broadcast Media

OW0105094691 Lhasa Tibet Television Network
in Mandarin 1200 GMT 30 Apr 91

[From the "Tibet News" program]

[Excerpts] A three-day regional work conference on radio and television development in border counties concluded in Lhasa on the afternoon of 27 April. The central subject of the conference was to exchange experience in developing radio and television services in border areas; to continue radio and television projects in border areas covered by the Seventh Five-Year Plan not yet finished; and to carry out radio and television projects in Tibet under the Eighth

Five-Year Plan. [passage omitted] (Dutan), head of the regional radio and television department and secretary of its party committee, spoke at the opening session. He said: Hostile forces abroad regard broadcasting as the only [as heard] effective means to subvert the socialist system. Radio and television are a powerful tool for influencing people's thinking and views, and changing their ideology; it is also a

tool that can be employed to both promote "peaceful evolution" and to counter "peaceful evolution." Therefore, we must have a sense of urgency, be fully aware of the importance and impact of radio and television in the political struggle, and in social and cultural construction, and develop the region's radio and television services as quickly as possible. [passage omitted]

Taiwan Asked To Halt Shooting at Fishermen

*OW0205134591 Beijing XINHUA in English
1316 GMT 2 May 91*

[Text] Beijing, May 2 (XINHUA)—A Chinese Government official made appeal today to the Taiwan side to cease shooting at and unreasonably arresting fishermen from Chinese mainland.

This appeal is aimed at creating a peaceful atmosphere on the Taiwan Straits for fishermen from both mainland and Taiwan, said Tang Shubei, deputy director of the Taiwan Affairs Office of the State Council.

When meeting with a delegation of the "Foundation for Exchange Across the Taiwan Straits" headed by Chen Chargin-ven, Tang said that the mainland initiated the policy of peaceful reunification and conception of "one country, two systems" in the past decade. Both sides have had some contacts and the tense situation has been alleviated.

However, he pointed out, the Taiwan authorities still order their military forces to fire at the fishermen from the mainland who worked normally on the straits. Some of them were killed or wounded, and some were arrested and some ships detained without reason.

According to the incomplete statistics, last year alone, the Taiwan military forces fired over 22,000 rounds of ammunition at the fishermen from the mainland and killed 13 people.

"Such incidents menaced the lives and property of the fishermen from the mainland, and hurt the feelings of the people of both sides," Tang said.

"Family members and relatives of the victims have strong reactions towards the incidents and claimed damages," Tang said.

"I told Mr. Chen Chargin-ven we will further discuss this question with Taiwan departments concerned in the future," he added.

He pointed out that the mainland has always helped Taiwan fishermen and fishing vessels and allow them to take shelter, obtain supplies and repair in southeast coastal harbors of the mainland. In 1990, 6,277 taiwan fishing vessels with 32,000 fishermen anchored in the harbors of the mainland.

Tang stressed as the Taiwan authorities have expressed willingness to reduce hostility toward the mainland, the Taiwan side should show their willingness through real actions, and first of all through their attitudes toward the mainland fishermen.

History of Mobilization, Provisional Regulations

*OW0105180091 Beijing XINHUA Domestic Service
in Chinese 1355 GMT 30 Apr 91*

[Reference material on "Mobilization To Suppress the Communist Rebellion (MSCR) and the "Provisional Regulations for the Mobilization to Suppress the Communist Rebellion (PRMSCR)"

[Text] The ruling clique of the Kuomintang (KMT) launched a civil war against the Communist Party of China (CPC) and the people in June 1946. In November of the same year, again, in violation of the resolution reached at a political consultative conference between the CPC, the KMT, and democratic representatives from various circles, the KMT unilaterally convened the so-called "National Assembly" in Nanjing, and adopted the "Constitution," which was single-handedly concocted by the KMT. The "Constitution" was promulgated on 1 January 1947 and became effective on 25 December 1947. The KMT troops were defeated in the civil war during this process. The ruling clique of the KMT faced a total collapse militarily and economically, and became even more isolated politically after 1947. In order to save the crisis, and intensify its suppression of the people in regions under the rule of the KMT, on 30 June 1947, Chiang Kai-shek called for "national mobilization" to "suppress" the so-called "rebellion" of the CPC. On 18 July, he promulgated the "Outline for Implementing Constitutional Rule During the Mobilization to Suppress Communist Rebellion," and proclaimed the commencement of the "Period of Mobilization To Suppress the Communist Rebellion" (PMSCR) throughout the nation. At that time, the XINHUA NEWS AGENCY published an editorial entitled "General Mobilization and Total Collapse" in this connection, pointing out that the general mobilization declared by Chiang Kai-Shek in the mess of rubble would not be able to save the total collapse.

On 2 March 1948, the KMT convened the so-called "National Assembly in Execution of the Constitution" so as to crown Chiang Kai-shek as "President." In order to clothe the dictatorship of Chiang Kai-shek with a veneer of "legitimacy," the assembly adopted the so-called "PRMSCR" on 18 April, transcending the "Constitution" as it stipulates that the "President" be conferred with "emergency powers," beyond the confines of

the "Constitution" during the "PRMSCR." In other words, Chiang Kai-shek possessed the power of justifiably doing whatever he liked.

Since its retreat to Taiwan, the ruling clique of the KMT continued with the system of the so-called "Mobilization To Suppress the Communist Rebellion," and implemented the "Martial Law" for as long as 38 years in Taiwan in accordance with the "PRMSCR." During this period, the ruling clique of the KMT amended the "Provisional Regulations" four times in order to meet the requirement of its rule, thereby increasing the originally single clause in the regulations to 11 clauses, incorporating, among others, those which stipulate that

the "President", and "Vice President" can be reelected or reappointed consecutively, beyond the confines of the "Constitution" which originally restricted the reappointment to only one time. The "President" is entitled to institute any "Organization for the Mobilization To Suppress the Communist Rebellion." At the same time, it also allowed the "Deputies to the National Assembly" and "Members of the Legislative Yuan" elected on the mainland in earlier years to remain continuously in their posts. Thus, the father and son team of Chiang Kai-shek and Chiang Ching-kuo became the "legitimate" "Life-long Presidents," and Taiwan's "National Assembly" and "Legislative Yuan" have become the rare "Perpetual Parliament" of modern times.

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Li Addresses News Conference, Ends Mobilization

*OW0105052291 Taipei Domestic Service
in Mandarin 0655 GMT 30 Apr 91*

[News conference by President Li Teng-hui with foreign and domestic reporters in the auditorium of the Presidential Office in Taipei; moderated by Presidential Office spokesman Chiu Chin-i—live]

[Text] [Li Teng-hui] Ladies and gentlemen, welcome to today's news conference.

Before answering your questions, I wish to take this opportunity to announce that I have signed a document to declare the end of the Period of Mobilization for the Suppression of the Communist Rebellion at 0000 hour on 1 May 1991. At the same time, I will announce the termination of the temporary provisions for the Period of Mobilization for the Suppression of the Communist Rebellion and promulgate the amendments to the Constitution of the Republic of China tomorrow, according to the resolution adopted by the second provisional meeting of the First National Assembly. This will be the first step of our constitutional reform.

At the 20 May 1990 inauguration ceremony, I made a clear-cut statement vowing to end the Period of Mobilization for the Suppression of the Communist Rebellion within a short period, and hoped to accomplish the work of constitutional reform within two years. After I took office, I made positive efforts toward this goal. First, a national affairs conference was convened. Then, the ruling party formed a constitutional reform planning group to make careful preparations. Through eight months of hard efforts, and as a result of thorough studies in all aspects and solicitation of public opinions, we finally worked out an outline of amendments to the constitution. This outline was passed to the National Assembly members with ruling party membership as a basis for drafting the amendments to the constitution. The amendments to the constitution were then submitted to the National Assembly for intensive and careful discussions by its members. It was adopted after three readings. The amendments to the constitution adopted by the National Assembly contain 10 articles for the main purpose of establishing a legal basis for creating the second-term parliamentary delegates at the central level and, at the same time, ensuring the smooth operations of the government.

However, the remaining work of constitutional reform will be even more arduous. Several problems existing in the constitution, such as organization of the central and local governments and the method for presidential elections, must be studied and then corrected on the basis of public opinion. I firmly believe that the government departments concerned will be able to do a good job with the election of the second-term National Assembly members according to the principle of fairness, justice, and openness. Meanwhile, both the ruling and opposition parties should strive to achieve success in the election of the second-term National Assembly members with the

legitimate and reasonable spirit and political opinions so that the elected National Assembly members can fully represent the will of the people, and the work of constitutional reform can be accomplished.

I have indicated more than once that the constitutional amendments to be undertaken by the National Assembly delegates serving the second term and the contents of the tasks are definitely going to be based on the will of the people. National Assembly delegates serving the second term represent the current popular will, and our constitution specifically stipulates that the sovereignty of the state belongs to the people. Therefore, the articles and clauses for constitutional amendment adopted by the National Assembly delegates serving the second term will definitely be accepted and welcomed by all the people. We maintain that only when political democratization and systematization are implemented, and only when more people are permitted to participate in government and political affairs, can a foundation be laid for our country to enjoy further development.

Termination of the Period of Mobilization for the Suppression of the Communist Rebellion will, on the one hand, enable the constitutional and political reform to be carried out smoothly in the Republic of China [ROC] and, on the other hand, concretely show our sincerity in readjusting the relations between the two sides of the Taiwan Strait. Some progress has already been seen in the future development of relations between the two sides of the Taiwan Strait since promulgation of the National Unification Guidelines in March of this year. Along with the announcement of termination of the Period of Mobilization for the Suppression of the Communist Rebellion, we have clearly declared more than one renunciation of the use of force as a means for seeking reunification of our country. We sincerely hope the mainland authorities will be able to put the interests of the country and people's happiness above everything else, show sincerity, and respond by taking formal and concrete actions. Meanwhile, we also hope the two sides of the Taiwan Strait will create an environment favorable for beneficial interaction on the basis of the principle under which peace and the need to be reasonable, reciprocal, and mutually beneficial prevail; make joint efforts for rebuilding a democratic, free, happy, and unified China; and jointly make contributions to ushering in a new era for the Chinese nation.

Taking this opportunity, I would also like to remind our compatriots everywhere that regarding the recovery of Mainland China and its rejuvenation, though the Period of Mobilization for the Suppression of the Communist Rebellion is terminated, our people still need to remain on guard mentally and heighten vigilance before the mainland authorities give a clear, definite, and responsible response in the process of readjusting the relations between the two sides of the Taiwan Strait. In particular, awareness should be strengthened in our national defense to ensure social stability and security on our base for recovery of the Mainland China and its rejuvenation. Thank you.

Now, please ask your questions.

[Chiu] Now please raise your questions. The Spokesman's Office has copies of the President's complete script, which will be passed on to you after the news conference. Now we will take questions from reporters. Mr. (Li Chih-chiang) of the CENTRAL NEWS AGENCY, please.

[Li Chih-chiang] How are you, Mr. President? I am (Li Chih-chiang), a reporter of the CENTRAL NEWS AGENCY. As you have said, the extraordinary session of the National Assembly has completed the first-phase work on constitutional amendment to abrogate the emergency provisions, and you will also announce tomorrow that the second National Assembly of next year will face a more arduous task of the second-phase substantive constitutional amendments. Can you be more specific about the significance of the first-phase constitutional amendments in the entire constitutional reform, how do we go about the second-phase substantive constitutional amendments, and what is the direction to take? Thank you.

[Li] Thank you. The current extraordinary session of the National Assembly passed 10 additional clauses for the Constitution. I have touched on this question in my introductory remarks. Summing up, they fall into three important points:

First, after the abrogation of the Emergency Provisions for the Period of Mobilization for Suppression of Communist Rebellion, we will return to the constitutional rule in all we do. This is a very important thing. However, we must understand the problems involved in the substantive contents of the additional clauses to the Constitution. The first question involves the procedural stipulations on the legal basis for the election of the second sets of parliamentarians. We have seen many slogans out there saying that senior deputies are not qualified to revise the Constitution, and so on. I do not want to elaborate further. There are many of them. If the current deputies of the National Assembly, who knew they would have to step down eventually, did not create the legal basis for the election of the second sets of parliamentarians, then it would be impossible to elect the second set of deputies in future. The decision on the procedure mentioned just now is very important. It was a very difficult decision on the part of senior deputies. This is a point I would like to stress here.

The second question concerns the stipulations on the president's emergency powers and the sunset clause to the three agencies. On the one hand, it stipulates the [words indistinct] in reality, and on the other hand, it defines the limit of authority. We can say the powers have been reduced considerably, and the stipulations will be implemented after a decision has been made through legislation in the future. This means that for the time being, a considerable portion of the stipulations may have to be continued. An appropriate decision on the stipulations may be made when the second National

Assembly opens next year, and legislation will be enacted accordingly. Therefore, we know that this is not the question of moving the contents of the emergency provisions into the Constitution.

The third question concerns the handling of the relationship of the rights and obligations of the people across the strait, as well as the legal basis for the decrees on the practical matters. Without such a legal basis, it would be impossible to enact legislation for the rights and obligations of the people on the mainland and Taiwan in the future. Therefore, these amendments have been added. I personally think they are very appropriate.

As regards the emphasis of the second-phase constitutional reform, I explained it quite clearly just now. That is, all the related problems in the Constitution, including the question of the central and local governments; the presidential election; and the question of how to define the relationship between the Presidential Office, the Legislative Yuan, and the Executive Yuan that all of you are concerned about.

Therefore, the second-phase constitutional reform is closely related to the destiny of constitutional rule in the future. Deputies of the second National Assembly will conduct constitutional revision. To ensure success in this work next year, the election of the deputies to the second National Assembly should be done well. Therefore, I would like to stress that the year end election of the deputies to the second National Assembly is very, very important. If the election is successful, I think the constitutional revision will also be successful.

Many people may still not understand the effects of constitutional revision and its impact on future developments. I would like to take this opportunity to give an explanation. As I have repeated before, the most important thing in democratic reform is the democratization of politics. The lifting of martial law has provided us with a direction for liberalization. If the Constitution does not truly meet the needs of the public, then democratization of politics cannot be truly implemented. Therefore, political liberalization and democratization are vital to our political development. The second thing is to promote political stability. Simply put, the public has a great desire for participation in politics. Revising the Constitution at this point to promote all the people's participation in politics is the most important measure for ensuring political stability. The third thing is, through democratization of politics and participation in politics by all the people, the room for political development may be greater than ever before, and we may have greater opportunities for our national development. Thank you.

[Chiu] It is now time for Li Su-te of Taiwan Television Enterprises Ltd. to ask questions.

[Li Su-te] [Passage indistinct] after the termination of the Period of Mobilization for the Suppression of the Communist Rebellion, how will we define the status of

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the Chinese regime, which has been considered a rebellious group in the past? What are the considerations? My second question is: President Yang Shang-kun of the Communist regime said in an interview with Taiwanese reporters in last September that if your excellency would invite him, and if Taiwan could provide enough safety protection, he would like to visit Taiwan. Considering that hostilities between the Taiwan Strait might decrease in the future, is it possible for your excellency to extend an invitation to Yang Shangkun or any other leaders of the Communist regime?

[Li] Thank you. The first question is comparatively more important. I have a prepared note with me in response to this question, and I would like to read it at this time. All of us are very concerned about how we define the status of the mainland, although I have already expressed my opinion in my opening remarks. The mainland area is now under the control of the Communist Regime, which is something we must face. In the National Reunification Guidelines, we have clearly pointed out that on the principle of one China, the two sides of the Taiwan Strait should not deny the opposite side as a political entity while conducting reciprocal exchanges. Therefore, in the future, we will consider the Communist regime as a political entity which controls the mainland area. We will call it the mainland authorities, or the Chinese Communist authorities. Recognition of this entity does not jeopardize our established policy of reunifying China with freedom and democracy in the future. We hope the Communist regime will react in this aspect. If the Communist regime does not relinquish the use of force in the Taiwan Strait, and continues to isolate us in the international arena, then we can only consider it a hostile political entity. This is my answer to your first question.

(?My answer to your) second question is an extremely, very important question [as heard]. In an interview with CHUNG KUO SHIH PAO reporters, President Yang of the Chinese Communist authorities said that if his safety is guaranteed, he would like to visit Taiwan. In accordance with our National Reunification Guidelines, which covers dealing with high-level exchange visits, this means that a visit can only occur when both sides have mutual trust and cooperation to a certain degree. If there is no mutual trust and cooperation, the possibility of a high-level exchange is slim. First of all, the purpose of this proposed visit is still not clear. At a time when we are just beginning the first phase of a mutual relationship, the conditions are not ripe since the extent of mutual trust is unclear. Therefore, it is only natural that there be some difficulties in inviting and receiving him in a polite, very cordial manner. Conversely, this is a joke. If I invite him in the name of the president of the Republic of China, Li Teng-hui, to visit Taiwan for sightseeing or other activities of personal nature, and if he responds that he would like to come, then I can proceed to do so in this name. If he were to invite me, as the president of the Republic of China, Li Teng-hui, to pay a visit to the mainland, I think I might as well try it. Thank you. [laughter]

[(Chen Shih-yao)] My name is (Chen Shih-yao) and I am a reporter of LIEN HO PAO. After passage of the National Unification Guidelines, both the President and Premier said that we'll use the Taiwan experience to orchestrate China's reunification. The announcement on termination of the Period of Mobilization for Suppression of the Communist Rebellion made by the President just now already concretely indicated an attitude that shows tremendous goodwill on the part of the ROC Government toward the development of relations between the two sides of the Taiwan Strait. I would like to ask the President a question. Under various restrictions imposed by objective conditions, if there is still no goodwill response from Communist China to the step we have taken, and if Communist China always treats the ROC as a local government in Taiwan, in your opinion, what kind of countermeasures should we take to break the deadlock and try to gain the initiative? Some people call for playing the Taiwan independence card in case it is necessary. What is your opinion on this?

[Li] The announcement made today on termination of the Period of Mobilization for Suppression of the Communist Rebellion is a gesture of goodwill on our part after promulgation of the National Unification Guidelines. It is a very important matter. We are not very clear about Communist China's attitude toward it. If there is no goodwill response, if Communist China still persists in "One Country, Two Systems" and adheres to the four cardinal principles, if the ROC has no space for activities in the international community, and if things go on like this, the best thing for me to do is to wait. The most important thing for us to do now is to wait and to be patient. Wait until there is a goodwill response. I am 69 years old now. In fact, I am 70 years old by the Taiwanese way of counting one's age. There is still a considerably long period of time for me to wait. I have five more years in which I will serve as a president to wait. There is no telling who will succeed me as the next President; it probably will have to continue to wait. We can wait for 10 or 20 more years. The very important thing for us to do, in my opinion, is to wait. The second issue you just mentioned is...?

[(Chen Shih-yao)] Some people call for playing the Taiwan independence card as a second step. What is the President's opinion on this issue?

[Li] I think this kind of viewpoint is not correct. The ROC is a sovereign state. This is a sentence which I have not stopped saying since my presidential inauguration. We exist as citizens of a sovereign state on Taiwan. Why do so many people among us want to advocate independence for Taiwan? This is because Communist China blocks our various activities in the international community and leaves no way out for us. As a result, some youths and some people who are dissatisfied with what the Government has done went abroad and called for Taiwan independence. The call for Taiwan independence does not originate from within Taiwan. Rather, it is a result of Communist China's practice of isolating us from the international community. Personally, I believe

that if Communist China understands this point, it would not want to hamper the various activities conducted by us in the international community. Letting the ROC have enough space in the international community is the way to truly promote the development of the ROC on Taiwan as well as reunification of our country. It is not a bad thing for all the Chinese people and will definitely be of great help to our country. Therefore, probably, I'll have to say that the leaders of Communist China are wrong in their thinking. They do not understand what gives rise to the call for Taiwan independence. Thank you.

[Chiu] I would like to invite Huang Hua-hao of the China Television Company Limited to ask his question.

[Huang Hua-hao] I would like to ask a question which is more practical. As we know, we have a remarkable change in our attitude when Your Excellency announces that we will end the Mobilization Period for Suppression of Communist Rebellion today and, beginning from 0000 tomorrow, we will implement the amendments to the Constitution of the Republic of China. However, the Chinese Communist regime still sticks to its usual position; that is, to treat us as a local government in terms of all of our changes and reforms.

[Chiu] Please speak slowly. Ask questions slowly.

[Huang Hua-hao] My question is: We would like to know how Your Excellency will take initiatives in the future in all of our changes concerning the two sides of Taiwan Strait. Can our powerful economic strength, flexible diplomacy in the international arena, and strategic maneuvers be used by Your Excellency in carrying out the Guidelines for National Reunification? How will Your Excellency implement phased goal of the guidelines? Thank you.

[Li] Right. The Guidelines for National Reunification are an orientation of state policy, which involves many questions of measures. Most of these problems can be studied by the Mainland Affairs Council [MAC]. These questions can be (?solved) at anytime in accordance with the principles laid down in the Guidelines. Therefore, I am convinced that our mainland policy is more flexible than that of the mainland. Their grass-roots personnel simply follow orders issued from the above. This is, therefore, a very dangerous practice. I believe, the question raised by Mr. Huang is: Why are there the consultative organs of the National Unification Council and, at the same time, units of the Mainland Committee under the Executive Yuan, which is in charge of coordination, policy formulation, and supervision. Meanwhile, there is a Foundation for Exchanges Across the Taiwan Strait [SEF] under the Mainland Committee to deal with the problems in a concrete manner one by one. Now General Secretary Chen Chang-wen is in the mainland to deal with problems concerning the two sides of the Taiwan Strait. He is responsible for the resolution of practical problems. There are no policy-type problems requiring

his solution. One thing which merits particular mentioning here is: The SEF itself is the only channel for resolving problems between the mainland and our whole nation. Any nongovernmental foundations, financial groups, or organizations have no power to represent nongovernment sectors to handle the relations between the two sides of the Taiwan Strait. Problems must be handled through the SEF. This is the point I wish to emphasize in particular. Therefore, we can understand that the Republic of China's policy toward the mainland is very flexible and relations relations can be handled flexibly in accordance with circumstances. Thank you.

[Chiu] Now we will let representatives from foreign media ask questions. Friends, shall we ask Mr. Pak Chong-chin of Korea's CHOSUN ILBO to present questions? Mr. Pak.

[Pak Chong-chin] I am Pak Chong-chin, reporter from Korea's CHOSUN ILBO. Mr. President, you have defined the Chinese Communists as a political entity. Under such circumstances, if Korea and the Chinese Communists establish diplomatic relations, what countermeasures will be taken by the Republic of China Government? Once Korea and the Chinese Communists establish diplomatic relations, can the ROC Government continue to maintain its traditional friendship with Korea? Are there any good ideas?

[Li] Thanks for your question. The ROC recognizes the Chinese Communists as a political entity. It is only an assumption that Korea will establish diplomatic relations with the Chinese Communists. Whether the Chinese Communists want to establish diplomatic relations with your country, South Korea, I do not know clearly. If they establish diplomatic relations, what about North Korea? I am not clear about this. At this time, the ROC has its own course. I think that, as a matter of fact, Korea and the ROC share an identical situation: both deal with communist states, and both are divided countries. Korea uses its north policy to solve difficulties within its own countries. The ROC has to deal with the problems between the two sides of the strait. These are the current difficulties faced by the divided countries.

Korea has made progress in establishing diplomatic relations with communist countries. It has established diplomatic relations with the Soviet Union and used these relations to exert pressure on North Korea to improve their relations. Under these circumstances, each country is acting on its own. South Korea is busy with its own diplomatic work. [words indistinct] We should not forget the longstanding relations between Korea and the ROC. Although each is busy with its own work, we are relaxed. In fact, both countries have the same position. To maintain stability in Asia, the two countries should have close relations. No matter what happens in the future, the relations between the two countries will remain very, very close. Without such close relations between our countries, it may be very difficult to maintain stability in Northeast Asia. I cannot answer directly

what the ROC will do because the question is an assumption. I can only say that the two countries will continue to maintain their very close relations and [words indistinct] proceed in this direction.

As you can see, there has been a big change in Sino-Korean cooperation in the economic and other fields since last year. This will be gradually understood by the public. When they study what will be done by the two countries from the viewpoint of their diplomatic policy, they will understand that they need to cooperate even closer. I take a rather optimistic stance on the question. Thank you.

[Chiu] The next question is from Tan Hsiang-ling of CHUNG YANG JIH PAO.

[Tan Hsiang-ling] I am Tan Hsiang-ling of CHUNG YANG JIH PAO. Regarding constitutional reform, our former president, Mr. Ching-kuo, said that the ROC Constitution is our legally constituted authority and the basis on which we pledge to have sovereignty over the mainland. Regarding first and second-phase constitutional reform, especially second-phase constitutional reform, National Assembly members responsible for amending the constitution will be elected mainly from Taiwan. There may be some criticism and disputes about the impropriety of representation. How can we show the international community and our mainland compatriots that our constitution is in the nature of a national law?

[Li] This question should be explained explicitly so that everyone will understand. The preamble of the amendments to the ROC Constitution contain these words: to meet the needs prior to the reunification of our country. This means that the amendments will by no means revise the whole constitution. This shows that there will be no changes in the ROC Constitution: its legally constituted authority. This is a fact. Under these circumstances, among the parliamentary delegates elected at the central level, there may be a certain number that do not belong to any specific region in the country, and there are also some delegates elected from among overseas Chinese. In fact, these two categories were set up to maintain the current legally constituted authority. Why are some people opposed to these two categories, in particular? They want to do away with this legally constituted authority; this is their main objective. Regarding the election of National Assembly members not belonging to specific regions in the country are those elected from Taiwan representative of a region. No. This question involves a technicality. I think this is what we can do presently, and there is no alternative method.

The second question is the number of National Assembly members to be elected from among overseas Chinese. We should fully respect the constitution, which stipulates that our compatriots residing overseas have the right to participate in political affairs. I think that if we proceed in this way, this is not a question regarding representation. Presently, the ROC is carrying out all its work in Taiwan. Under

the present circumstances, I think, this method serves the purpose of proper representation.

[Chiu] Next, Mr. Wu Cheng-yen of TZU YU SHIH PAO, please.

[Wu Cheng-yen] How do you do, Mr. President? My name is Wu Cheng-yen, and I am a reporter from TZU YU SHIH PAO. In his work report on Taiwan affairs delivered at the recent session of the Seventh National People's Congress [NPC], Chinese Communist President Yang Shang-kun mentioned that it is necessary to strengthen contacts with conservatives of the Kuomintang [KMT] and the second and third generations of the descendants of those who moved with the KMT from the mainland to Taiwan and establish channels for direct contacts to serve this end in the future. Generally speaking, people are very concerned about Yang Shang-kun's report. They worry that more and more people will echo each other across the Taiwan Strait in the future. As president, do you know anything about this situation? Have you prepared any countermeasures? Thank you.

[Li] This issue concerns tactics adopted by Communist China in its united front against Taiwan. It is two-faced. Personally, I do not care much about this issue; however, if contradictions arise in Taiwan and if Communist China takes advantage of the opportunity to make social contradictions deteriorate, I think that I, who am responsible for the state, should pay more attention to it. We stressed on various occasions that here on Taiwan there is no difference between the natives of Taiwan Province and those who moved from the mainland to Taiwan, and no clear distinction has been made between the second generation of descendants of those who moved from the mainland to Taiwan and [words indistinct]. There is no such thing here on Taiwan. It is quite meaningless. There is only unity and harmony among all the people here on Taiwan.

Under the circumstances, all of us can heighten vigilance against any united front tactics used by the mainland. In particular, point five of a number of principles discussed between Mr. Chen Chang-wen and Mr. Tang Shubei in their meeting on the mainland on 29 April mentions that various channels may be used by Communist China in all aspects of its future work of Taiwan affairs, such as foundation and people's [words indistinct]. I just stressed that there is only one solution to all the problems arising from contacts with the mainland: the Foundation for Exchanges Across the Taiwan Strait, which represents all sectors of the ROC. Therefore, you can associate it with the dual tactics of the united front mentioned by Mr. Yang. I think the issue is very clear now and attention will be paid to it. Thank you.

[Chiu] Now Miss (Lin Yu-lin) of TIANHSIA MAGAZINE has a question.

[(Lin Yu-lin)] How are you, Mr. President. I am (Lin Yu-lin) of TIANHSIA MAGAZINE. Recently our magazine conducted a survey of 1,000 of the largest manufacturers, which shows that half of them advocated lifting of the restrictions on direct trade across the strait

immediately after the termination of the Period of Mobilization for Suppression of the Communist Rebellion. However, some scholars and experts who understand the Chinese Communists are worried about this. They maintain that the mainland authorities have a political purpose in everything they do. May I ask, Mr. President, if you favor separation of politics and economics? In your opinion, what should we do to give equal attention to the interests of the state and the enterprises as far as trade across the strait is concerned?

[Li] Looking at the National Reunification Program, we know that large-scale investments and economic contacts do not characterize the stage of mutually beneficial exchanges. These activities will emerge only after a certain point, such as the intermediate stage, has been reached. Some people in the nongovernmental sector wish very much to go to the mainland to make investments. We know that more than 2,000 firms have invested in the mainland. But how many of them have really made profits after going to the mainland? I have not heard about people making profit yet. Under such a difficult situation, there seems to be a downward trend in this aspect recently. Investing in the mainland may be riskier than investing here. Therefore, many people now want very much to launch programs for upgrading plant equipment and promote automation on a large scale. This shows that just because there is cheap labor does not mean you will make profit by investing in the mainland. That is simply not the case. Under this situation, I think that some indirect investments and trade do exist, and it takes time for them to grow into large-scale direct investments and trade.

Furthermore, by now, people who wanted to go have almost gone. Those who are truly capable have stayed behind, established roots, and made progress. They have very strong desire to invest at home. We have learned about factory investments during the first three months of this year from the report of the Council for Economic Planning and Development and Chairman (Ho's) report, which indicated that during the first quarter the number of companies increased by 35 percent, and the investments, as far as I could remember, increased by 65 percent. These figures show that we are experiencing economic recovery at home, and that nongovernmental investment is on the rise. Thank you.

[Chiu] I think we'll now invite Mr. Cheng Shih-yung of the Broadcasting Corporation of China to ask a question.

[Cheng Shih-yung] My name is Cheng Shih-yung and I am a reporter of the Broadcasting Corporation of China. A delegation of the Foundation for Exchanges Across the Taiwan Strait is currently on a visit to the mainland. It was originally scheduled to depart on 21 April, but was later postponed to 26 April. The departure date postponement was very close to the date set by the Presidential Office for its news conference. Mr. President, may I ask you a question, is it purely a coincidence that the postponed departure date is very close to the date set by the Presidential Office for its news conference? Or is it

specially arranged? Another thing, Mr. President just mentioned that the Foundation for Exchanges Across the Taiwan Strait is the only legal organization entrusted by the government for contacts with the mainland. I noted that the Foundation for Exchanges Across the Taiwan Strait in the talks held with its mainland counterpart on the mainland at present touched on routine and general affairs only, without discussing policies. However, the other side only discussed policies without touching on routine and general affairs. Mr. President, will concrete results be produced from talks held under such a circumstance or will such talks become a situation in which each side says things in its own way? Thank you.

[Li] Thank you for your question. There was no particular reason for the postponement of the departure of the Straits Exchange Foundation personnel to the Mainland. I suppose it was because there was not enough time to complete the preparations for the departure. The timing was purely coincidental. It was not the result of skillful arrangements on our part. On your second question, the SEF is in the Mainland discussing various issues with the other side. Their current visit is purely a courtesy call. The visit is to tell them that we have such an organization here and to find out which agencies we need to contact to resolve certain questions. However, certain questions raised by the other side, such as the nuclear-free principle, should not be discussed by organizations at such a level. Despite these problems, their visit should be able to produce certain results. This is because before we conduct work in the future, we need to have face-to-face meetings to relay to them the problems. I think this is their mission. Thank you.

[Chiu] Thank you. I think we'll now invite the ICRT [International Community Radio Taipei] reporter to ask a question.

[Lu Tzu-lung] My name is (Lu Tzu-lung). I have two questions. The first question: What is your view on the independence of Outer Mongolia and the Tibetan demand for autonomy. The second question: Taiwan, the Mainland, and Hong Kong are three different societies with different economies. Do you have any plan or policy to tackle the problem of the gap between the rich and poor if the three societies are to be integrated? Thank you.

[Li] Thank you for your questions. The question of Outer Mongolia and the question of Tibet are two different questions. About the question of Outer Mongolia, Outer Mongolia became independent a long time ago. The government has not reached consensus in its attitude towards Outer Mongolia. Whether Outer Mongolia belongs to China or not is at the heart of the question you just raised. To my understanding, Outer Mongolia became independent before our Constitution was adopted. I would like to see the Executive Yuan conduct a comprehensive study of this question and come up with a clear-cut attitude. Regarding the current issue of Tibetan independence, I personally think that Tibet is an autonomous region. Why has such an issue occurred?

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Because Communist China failed to grant Tibet freedom and democracy. Had Communist China given it a free and democratic system of autonomy, this issue would not have evolved. The problem lies in Communist China's attempt to rule Tibet, and Tibet's resistance to such an attempt. The issue should be looked at from this different perspective.

[Lu Tzu-lung] The third question concerns the gap in wealth among Communist China, Taiwan, and Hong Kong in the future. How can the three be formed into an economic entity?

[Li] Reunification has not yet been achieved. [laughter] What is your point?

[Lu Tzu-lung] Are there any preparations for handling this issue? How would the different societies under different economic structures handle this issue?

[Li] We should not discuss this issue in this way. First, let us talk about 1997, when Communist China retakes Hong Kong. Per capita income in Hong Kong currently is HK\$12,000, compared to Communist China's 300 yuan. We should first look at how the two regions, with such a huge income differential, would handle the issue. This matter is of great concern to the many reporters from Hong Kong who are present here today.

The year 1997 is called the time of demise: a term which implies the termination of Hong Kong's existence, or its death. However, we do not hope for Hong Kong's demise. Continuing prosperity, freedom, and democracy in Hong Kong are our common aspirations. We hope that Hong Kong will be able to maintain its present living standards and income. Let us see how Communist China will treat Hong Kong. If Hong Kong's per capita income drops from HK\$12,000 to HK\$6,000, there will be big problems. I hope that there will be no problems such as those arising from the reunification of East and West Germany. The problems of East and West Germany are only procedural. However, problems stemming from the demise after 1997 are completely different in nature. We are very concerned about this. We showed great concern about amendments to the Hong Kong Basic Law, right from the time it was drafted and formulated, until its adoption.

Hong Kong's future vis-a-vis Communist China will be determined sooner than Taiwan's. Taiwan has no similar problems. I think that Taiwan's national income will not fall after contacts with Communist China are established. We have our own views and methods to handle this issue. Problems arising from the peaceful reunification of East and West Germany provide the best example in the world of how serious reunification is. It is an issue that requires considerable research and consideration, as well as very good measures to resolve the people's problems. I think that everybody is aware of the gravity of the issue.

[Chiu] Next I would like to give the floor to Chen Li-chun of CHING NIEN JIH PAO.

[Chen Li-chun] Mr. President, how are you? I am Chen Li-chun of CHING NIEN JIH PAO. Presently there is no consensus on the scope and content of the second phase of the constitutional revision. President Li mentioned before that the constitutional revision will be completed within two years. My question is how President Li defines the completion of the second phase of the constitutional revision. Are there any essential requirements for its completion? We all know that constitutional revision cannot be accomplished all at once, and that there is no guarantee for the success of any constitutional government movement even with the best constitution. I would like to know what President Li expects to achieve in the second phase of the constitutional revision.

[Li] Sorry, I do not quite understand your question.

[Chen] The requirements of the second phase of the constitutional revision? Currently no consensus has been reached on what shall be done in the second phase of the constitutional revision. And now...

[Li] Well, I would like to call your attention to the conclusion of the National Affairs Conference. The National Affairs Conference gathered people from all walks of life across the country to determine issues that need to be addressed. Therefore, the major tasks are already set before us. The problem is a most important one...Please sit down. [laughter] I understand your question.

The task is easy for us now that we have divided the process of the constitutional revision into two phases. You can imagine how it would be, should we press all issues into the first phase of the constitutional revision and let them be handled by the current National Assembly members. It would be even more chaotic, right? That is why we have decided to do it in two phases.

You have noticed that there were many different opinions in the first phase of the constitutional revision, which focused on procedural matters. It certainly would be impossible to tackle all issues in the first phase. Therefore, it is necessary to revise the constitution in two phases.

Once we have finished with the procedural matters, it is like having crossed over a bridge. If you want to go from one side of a river to the other, you need a bridge. You cannot do that without a bridge. Now that we have come to the other end of the bridge, what shall we do in the second phase? You can find most of the answers in the conclusion of the National Affairs Conference. You can see in the conclusion that the tasks in the second phase are very complicated. It involves many issues. I hope that at least what has been outlined at the National Affairs Conference will be accomplished during the substantive revision of the second phase. I hope that this answers your question.

[Chen] Indeed, you answered it very clearly. In fact, I am afraid that President Li explained it more clearly than I asked. What I asked earlier was that as the second phase

of the constitutional revision deals with substantive issues of the constitution, it is impossible to complete all issues at once...

[Chiu, interrupting] I think the President has already answered your question...

[Chen] During the second phase of the constitutional revision, if we can settle all the issues outlined in the National Affairs Conference; then that answered my question. Thanks.

[Chiu] Who else would like to ask a question? Let TAIWAN SHIH PAO's (Hsu Kuo-kan) do it.

[(Hsu Kuo-kan)] I am (Hsu Kuo-kan) from TAIWAN SHIH PAO. Mr. President, you have just discussed a number of questions on constitutional reform and on relations between the two sides of the Taiwan Strait. However, money politics may well be a rather serious problem in the future structure of our parliament. I would like to ask Mr. President: How are we going to deal with this problem? Since the Hualung case came to light, people have once again been concerned about money politics. As spokesman Chiu said, Mr. President, you most detest the collusion of politicians and businessmen. Generally speaking, such collusion can only be deterred by sound laws and regulations. Are you, as chairman of the ruling party, going to urge comrades of the party to enact relevant laws and regulations in the near future in order to adapt to the change of the parliamentary structure at the end of the next year? Meanwhile, if the public desires that you make public your property, will you do that at an appropriate time? Will you consider this? Thank you.

[Chiu] As party chairman, the president may take action against comrades of the party involved in money politics, and he may also make public his property.

[Li] Money politics, in other words, means the collusion of politicians and businessmen, such as the Hualung case. Recently, I visited various places and dined with industrialists, businessmen, and entrepreneurs there and listened to their opinions. Did I collude with them? [laughter] If I were regarded as colluding with them, I would like to make an explanation. The worst and dirtiest collusion in the world is what you have just described as money politics. In fact, money politics refers to money spent for elections: a lot of money spent for such purposes. Some industrialists and businessmen make monetary contributions to politicians; when the latter are elected, they speak for their contributors and support them. How to eliminate the problem of money politics is very important. Another problem is that the money donated by enterprises to foundations should be examined and verified. I think it is necessary to strengthen the examination and verification of such money in order to make sure whether or not any such money is used for political purposes. As far as the party is concerned, future elections, as I have just said, must not be centered on money but on ability and wisdom. Those who attempt to obtain votes by using monetary

means must be severely dealt with. I hope that the coming election of members to the National Assembly will be a truly clean one and that no money will be used to influence it. You understand this question, I understand this question, and all of us understand it. We must eliminate this malpractice in order to make our society clean; otherwise, it will be hard to know what is the emphasis of our politics and who manipulates it. I strongly advocate that our Kuominatang use "clean elections" as its slogan for the election of members to the Second National Assembly this year. Thank you.

[Chiu] Mr. President. The time is up.

[Li] A few foreign friends have not yet asked questions. Is that right?

[Chiu] Mr. Miki of Japan's JIJI news agency.

[Miki] I am Miki from JIJI. Mr. President. Although freedom of reporting is very important in all democratic countries, I have observed in Taiwan that there is not much objective and fair reporting by Taiwan's television. Taiwan's so-called press censorship ended when martial law was lifted by Mr. Chiang Ching-kuo. Do you have any plan to lift restrictions on television stations? Thank you.

[Li] Thank you, Mr. Miki. There are three television stations here. Ladies and Gentlemen, do you agree with Mr. Miki's allegation that there is no freedom for television in Taiwan? [laughter] I think that is not true. A new public television station, similar to Japan's NHK, is about to be set up here. We hope restrictions will be lifted at a proper time, because there will be plenty of opportunities for all to compete after restrictions are lifted. As regards news reporting, I think Taiwan's press circles have more freedom than their counterparts in Japan. When speaking of national interests, many Japanese newspapers are likely to maintain identical views, but not on other issues. But in the Republic of China, the press usually maintains different views on all issues, big or small. I am of the impression that our lively young reporters of both sexes can write anything they want, without fear of creating problems for themselves. This characteristic is not present in other countries. In particular, although there appears to be plenty of freedom in Japan, I think that is not necessarily the situation there. Therefore, this is probably a question of differing opinions. Mr. Miki, am I right to say so? I thank you for your advice and comments. Recently, you have made a lot of comments on Taiwan. I have read every issue of the WORLD WEEKLY [SHIH CHIEH CHOU PAO] which contains many of your comments. Thank you for your comments. Thank you.

[Chiu] The time is up. It is 10 minutes past the scheduled time. This will be the last question, OK? Now Mr. (Huang Ching-lung) of TZU LI WAN PAO please raise your question.

[(Huang Ching-lung)] I am (Huang Ching-lung) from TZU LI WAN PAO. Now, how to improve party politics has

been the concern of all, but at the same time, the relationship between the ruling party and the party not in power is far from being ideal. I want to ask you, in your capacity as head of state and chairman of the ruling party, do you think much work has to be done to work out better guidelines to improve the politics of the parties? In your opinion what has the ruling party not done, and what has the party not in power not demonstrated? At the same time, some public figures held that very few democratic countries have the same situation as ours, that is, the relationship between the head of state and the party not in power is so sensitive that there is little chance for them to discuss questions frankly. What is your personal view on future developments in this respect?

[Li] Regarding the incident of the DPP parliamentarians boycotting the National Assembly by leaving the meeting hall, I think this is very regrettable. But there was a reason for the walk-out. The reason was the lack of room for maneuvering. There was no environment for them to play their role. They could not win by raising their hands; they could not win by making statements; and they were not respected. They walked out because of this feeling. I think this is not a good phenomenon. Faced with this situation, I think it is very difficult to establish a very good party politics. It is even difficult for the Kuomintang to unite. I think it is not good to walk out of the meeting hall because a parliamentarian believes there is no place for him or her to play a role. I think it is very important for all to compete and express their views and to seek victory through their political views in the parliament. But our system and organization of party politics have not been well established. Therefore, until we have a good system, I think we should be able to count on the good behavior of all in the parliament. As head of state and chairman of the Kuomintang, I have

called for coordination and communications on every occasion. The door of communications is wide open. I made this remark not irresponsibly. I have actually taken into account, or at least I have thought about, for example, finding out how much room for maneuvering the Democratic Progressive Party needs and about helping them in this regard. These are the issues facing democracy. Political parties must not only compete with each other by winning votes. We need to take steps to jointly find out the problems and enlarge the room for maneuvering. This, I believe, is the goal of party politics we should strive to achieve. From the Kuomintang's point of view, I hope to expand our room for maneuvering, not by force, fighting, or other inappropriate means, or by staging a show in the parliament. It should be achieved by more profound means to let the public know which political parties and who are doing things in their interest. I think this is very important. As to the question of how to do this, I believe that we need study, discussion, and some patience. It will not happen simply because the party chairman has spoken out. I think that the party chairman should speak after a solution is found. The problem will not be solved simply because the party chairman has intervened. It is very important that we consult with each other and gradually achieve harmony. With regard to the current situation, I personally hope that after a period of tranquility, there will be opportunities to discuss our future work and the question of distribution. After all this has been done, I could invite leaders of various political parties to hold discussions, if it is necessary. This will be the last phase, not at the present. This may take some time. Thank you.

[Chiu] Thank you, everyone. Today's news conference has now come to a close. Thank you.

[Li] Thank you, everyone.

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6 May 1991

